

NEW ISSUE



\$125,455,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
VASSAR COLLEGE REVENUE BONDS, SERIES 2007

Dated: Date of Delivery

Due: July 1, as shown below

Payment and Security: The Series 2007 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 dated as of February 28, 2007 (the "Loan Agreement") between Vassar College (the "College") and the Authority and (ii) all funds and accounts (except the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds) established under the Authority's Vassar College Revenue Bond Resolution, adopted February 28, 2007 (the "Resolution") and the Authority's Vassar College Series Resolution, adopted February 28, 2007 (the "Series Resolution").

The Loan Agreement is a general, unsecured 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, Purchase Price and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2007 Bonds, as such payments become due.

The Series 2007 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. The Authority has no taxing power.

Description: The Series 2007 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on such Bonds will be payable on July 1, 2007 and each January 1 and July 1 thereafter. Principal and Redemption Price of the Series 2007 Bonds will be payable at the principal corporate trust office of The Bank of New York, New York, New York, the Trustee and Paying Agent.

The Series 2007 Bonds will be issued 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 2007 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2007 Bonds, payments of the principal and Redemption Price of and interest on the Series 2007 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement to beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2007 BONDS - Book-Entry Only System" herein.

Redemption: *The Series 2007 Bonds are subject to redemption or purchase prior to maturity as more fully described herein.*

Tax Exemption: In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the College described herein, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2007 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that, by virtue of the Act, interest on the Series 2007 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions. See "PART 11 - TAX MATTERS" herein regarding certain other tax considerations.

\$23,550,000 Serial Bonds									
<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u> ⁽¹⁾	<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u> ⁽¹⁾
2008	\$1,460,000	4.00%	3.54%	649903JH5	2017	\$ 755,000	4.00%	3.80%	649903JS1
2009	1,515,000	4.00	3.55	649903JJ1	2018	785,000	4.00	3.92*	649903JT9
2010	1,575,000	4.00	3.58	649903JK8	2019	815,000	4.00	4.03	649903JU6
2011	1,645,000	5.00	3.58	649903JL6	2020	850,000	4.00	4.10	649903JV4
2012	1,730,000	5.00	3.59	649903JM4	2021	885,000	4.10	4.17	649903JW2
2013	1,815,000	5.00	3.62	649903JN2	2022	1,190,000	4.125	4.21	649903JX0
2014	1,905,000	5.00	3.64	649903JP7	2023	1,245,000	4.125	4.25	649903JY8
2015	2,005,000	5.00	3.68	649903JQ5	2024	1,290,000	4.20	4.27	649903JZ5
2016	735,000	4.00	3.74	649903JR3	2025	1,350,000	4.20	4.29	649903KA8
\$10,505,000 4.25% Term Bonds Due July 1, 2032, Priced to Yield 4.45%, CUSIP Number ⁽¹⁾ 649903KB6 \$37,070,000 4.25% Term Bonds Due July 1, 2039, Priced to Yield 4.49%, CUSIP Number ⁽¹⁾ 649903KC4 \$54,330,000 5.00% Term Bonds Due July 1, 2046, Priced to Yield 4.30%*, CUSIP Number ⁽¹⁾ 649903KD2									

* Priced to the first par call on July 1, 2017.

The Series 2007 Bonds are offered when, as, and if issued and received by the Underwriters. The offering of the Series 2007 Bonds may be subject to prior sale, or may be withdrawn or modified at any time without notice. The offering is subject to the approval of legality by Nixon Peabody LLP, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the College by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their Counsel, Hiscock & Barclay, LLP, Albany, New York. The Authority expects to deliver the Series 2007 Bonds in definitive form in New York, New York, on or about April 18, 2007.

JPMorgan	Goldman, Sachs & Co.
Citigroup	UBS Investment Bank
Jackson Securities	Popular Securities

March 23, 2007

⁽¹⁾ CUSIP numbers have been assigned by an organization not affiliated with the Authority or the College and are included solely for the convenience of the Holders of the Series 2007 Bonds. Neither the Authority nor the College is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2007 Bonds or as indicated above.

No dealer, broker, salesperson or other person has been authorized by the Authority, the College or the Underwriters to give any information or to make any representations with respect to the Series 2007 Bonds other than the information and representations contained in this Official Statement. If given or made, such information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriters.

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 2007 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 Underwriters guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Underwriters.

The College has reviewed the parts of this Official Statement describing the College, the Project, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. The College shall certify as of dates of sale and delivery of the Series 2007 Bonds that such parts do not contain any untrue statements of a material fact and do not omit any material facts necessary 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 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series Resolution and the Loan Agreement are on file with the Authority and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2007 BONDS, THE UNDERWRITERS MAY OVERALLOT SERIES 2007 BONDS OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2007 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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DORMITORY AUTHORITY - STATE OF NEW YORK - 515 BROADWAY, ALBANY, N.Y. 12207
MARYANNE GRIDLEY - EXECUTIVE DIRECTOR **GAIL H. GORDON, ESQ. - CHAIR**

OFFICIAL STATEMENT RELATING TO

\$125,455,000

DORMITORY AUTHORITY OF THE STATE OF NEW YORK VASSAR COLLEGE REVENUE BONDS, SERIES 2007

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 \$125,455,000 principal amount of its Vassar College Revenue Bonds, Series 2007 (the "Series 2007 Bonds").

The following is a brief description of certain information concerning the Series 2007 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 2007 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 2007 Bonds are being issued (i) to pay the Costs of the Project, (ii) to refund the Authority's Vassar College Revenue Bonds, Series 1995 (the "Series 1995 Bonds"), (iii) to refund the Dutchess County Industrial Development Agency Civic Facility Revenue Bonds, Series 2001 (Vassar College Project) (the "Series 2001 Bonds" and together with the Series 1995 Bonds, the "Refunded Bonds"), and (iv) to pay certain Costs of Issuance of the Series 2007 Bonds. See "PART 5 - THE PROJECT," "PART 6 - THE REFUNDING PLAN" and "PART 7 - ESTIMATED SOURCES AND USES OF FUNDS."

Authorization of Issuance

The Series 2007 Bonds will be issued pursuant to the Resolution, the Series Resolution and the Act. In addition to the Series 2007 Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay 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 issued for the benefit of the College. The Bonds permitted to be issued under the Resolution include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with each other.

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 and not-for-profit institutions. See "PART 8 - THE AUTHORITY."

The College

The College is a private, non-sectarian, nonprofit institution of higher education chartered by the State Legislature. The College is located in Poughkeepsie, New York. See “PART 4 - THE COLLEGE” and “Appendix B - Financial Statements of Vassar College and Report of Independent Auditors.”

The Series 2007 Bonds

The Series 2007 Bonds will be dated their date of delivery and will bear interest from such date (payable July 1, 2007 and on each January 1 and July 1 thereafter) at the rates and will mature at the times set forth on the cover page of this Official Statement. See “PART 3 - THE SERIES 2007 BONDS - Description of the Series 2007 Bonds.”

Payment of the Series 2007 Bonds

The Series 2007 Bonds and all other Bonds issued under the Resolution 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. The Loan Agreement is a general obligation of the College. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007 BONDS - Payment of the Series 2007 Bonds.”

Security for the Series 2007 Bonds

The Series 2007 Bonds are secured equally with all other Bonds which have been or may be issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and any Series Resolution other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase.

The Loan Agreement is a general, unsecured obligation of the College. No security interest in any revenues or assets of the College has been granted by the College to the Authority under the Loan Agreement. In addition, pursuant to the Loan Agreement, the College may incur Debt secured by a lien and pledge of revenues of the College without granting to the Authority any security interest in any revenues to secure the College’s obligations under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007 BONDS - Security for the Series 2007 Bonds” and “- Issuance of Additional Bonds.”

Covenants

The College covenants in the Loan Agreement that it will (i) maintain Available Assets that are not less than two (2) times its General Liabilities, and (ii) on semi-annual report dates have unencumbered, unrestricted securities that, together with any unused and available amounts under a line of credit, have a market value at least equal to 120% of the aggregate principal amount of its outstanding Short Term Debt. The College is required to demonstrate compliance with such covenants by filing semi-annual certificates with the Authority and the Trustee. Failure by the College to comply with the foregoing covenants will not constitute an event of default under the Loan Agreement or the Resolution if the College complies with the provisions relating to a Management Consultant, or provides security for the College’s obligations under the Loan Agreement or a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007 BONDS - Covenants - *Ratio of Available Assets to General Liabilities*” and “- *Maintenance of Assets*.”

The College also covenants in the Loan Agreement that, except to the extent permitted under the Loan Agreement, it will not encumber its assets to secure indebtedness. For a summary of the circumstances in which the College may encumber its assets, see “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007 BONDS - Covenants - *Limitation on Liens*.” Failure by the College to comply with such covenant will constitute an event of default under the Loan Agreement.

The Project

The Project consists of renovations, renewals, replacements, and improvements to various facilities located throughout the College’s campus. See “PART 5 - THE PROJECT” for a description of the most significant components of the Project.

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2007 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution and the Series Resolution. Copies of the Loan Agreement, the Resolution and the Series 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 2007 Bonds

The Series 2007 Bonds and all other Bonds which may be issued under the Resolution will be special obligations of the Authority. The principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2007 Bonds and all other Bonds which may be issued under the Resolution are payable solely from the Revenues, which consist of payments to be made by the College pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders.

The Loan Agreement is a general, unsecured obligation of the College. The Loan Agreement obligates the College to make payments to satisfy the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on Outstanding Series 2007 Bonds. Payments made by the College in respect of interest on the Series 2007 Bonds are to be made on the 10th day of each June immediately preceding the July 1 and on the 10th day of each December immediately preceding the January 1 on which interest is payable, in each case in an amount equal to the interest coming due on the next succeeding interest payment date. Payments by the College in respect of principal are to be made on the 10th day of each June immediately preceding the July 1 on which such principal becomes due. The Loan Agreement also obligates the College to pay, at least 45 days prior to a redemption date or purchase date of Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Purchase Price or Redemption Price of such Bonds. See "PART 3 - THE SERIES 2007 BONDS - Redemption Provisions."

The Authority has directed, and the College has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2007 Bonds.

Security for the Series 2007 Bonds

The Series 2007 Bonds will be secured equally with all other Bonds which may be issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and any Series Resolution other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase.

The Series 2007 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 2007 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 under the Resolution and pledged therefor.

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

No security interest in any revenues or assets of the College has been granted by the College to the Authority under the Loan Agreement. In addition, pursuant to the Loan Agreement, the College may incur certain Debt secured by a lien and pledge of revenues of the College without granting to the Authority any security interest in any revenues to secure the College's obligations under the Loan Agreement. See "Covenants - *Limitations on Liens*" below. In the event of a default under any debt instrument secured by such pledged revenues, the holder or trustee under such debt instrument

(including the Authority) will have the right to collect a portion or all of such pledged revenues, and apply the revenues so collected to the payment of amounts due under such debt instrument. Any revenues so collected and applied will not be available for satisfying any of the College's obligations under the Loan Agreement.

Covenants

The College has made in the Loan Agreement certain covenants regarding maintenance of the ratio of its Available Assets to its General Liabilities and maintenance of its assets, as more fully described below. Failure by the College to comply with any of these covenants will not constitute an event of default under the Loan Agreement or the Resolution if the College complies with the provisions relating to a Management Consultant or provides security for the College's obligation under the Loan Agreement or a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. The College has also covenanted in the Loan Agreement that, except to the extent permitted under the Loan Agreement, it will not encumber its assets to secure indebtedness, as more fully described below. Failure by the College to comply with this covenant will constitute an event of default under the Loan Agreement and the Resolution.

Ratio of Available Assets to General Liabilities

The College has covenanted that it will maintain Available Assets that are not less than two (2) times its General Liabilities. As of December 31, 2006, the ratio of the College's Available Assets to its General Liabilities (unaudited) was approximately 6.26 to 1.00. The College is required to demonstrate compliance with this covenant by filing semi-annual certificates with the Authority and the Trustee. Failure by the College to comply with this covenant will not constitute an event of default under the Loan Agreement or the Resolution if the College complies with the provisions relating to a Management Consultant or provides security for the College's obligation under the Loan Agreement or a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. See "Appendix B - Financial Statements of Vassar College and Report of Independent Auditors" and "Appendix C - Summary of Certain Provisions of the Loan Agreement - Financial Covenants and Management Consultant."

Maintenance of Assets

The College has covenanted that it will on semi-annual report dates of June 30 and December 31 maintain securities that are free and clear of any pledge, lien, charge, security interest or other encumbrance, that are not subject to any statutory, contractual or other restriction, and that, together with any unused and available amounts under a line of credit, have a market value of at least 120% of the aggregate principal amount of outstanding Short Term Debt. The College is required to demonstrate compliance with this covenant by filing semi-annual certificates with the Authority. Failure by the College to comply with this covenant will not constitute an event of default under the Loan Agreement or the Resolution if the College complies with the provisions relating to a Management Consultant or provides security for the College's obligation under the Loan Agreement or a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. See "Appendix B - Financial Statements of Vassar College and Report of Independent Auditors" and "Appendix C - Summary of Certain Provisions of the Loan Agreement - Financial Covenants and Management Consultant."

Limitation on Liens

The College has covenanted that it will not incur, assume or guaranty any Debt secured by Liens upon any Restricted Property, unless the obligations of the College under the Loan Agreement are secured equally and ratably with or prior to all other obligations secured by such Liens, as long as such Debt is so secured, with certain exceptions (the "Excepted Debt"), including: (i) Liens to secure all or any part of the purchase price or cost of construction of Restricted Property acquired or constructed by the College, provided that, among other things, the Debt secured by any such Lien is non-recourse to the College and the amount of Debt does not exceed 95% of the purchase price or cost of construction; (ii) Liens on Restricted Property existing at the time of acquisition of such Restricted Property by the College, provided that, among other things the Debt secured by any such Lien is non-recourse to the College and that the amount of Debt does not exceed 95% of the fair market value of such Restricted Property; (iii) Liens to secure Debt incurred to the Authority or to secure bonds, notes or other obligations of the Authority; (iv) with the consent of the Authority, Liens upon Restricted Property to secure obligations incurred by the College to the issuer of a Liquidity Facility or Credit Facility pursuant to an agreement relating thereto or to a counterparty in connection with an interest rate exchange agreement; and (v) extensions, renewals or replacements of any Liens of the types referred to in the preceding four clauses or of any Debt secured thereby. The College is required to demonstrate compliance with this covenant by furnishing a certificate to the Authority and the Trustee within 30 days after the College either incurs, assumes or guarantees a Debt or any extension, renewal or replacement that is secured by Liens on any of the College's property. See "Appendix C - Summary of Certain Provisions of the Loan Agreement - Limitation on Liens."

Notwithstanding the limitations set forth in the preceding paragraph, the College may incur, assume or guarantee Debt secured by Liens on Restricted Property without complying with the provisions in the preceding paragraph if (i) the value of all Restricted Property securing Debt (other than Restricted Property securing Excepted Debt) does not exceed 20% of the College's total assets or such higher percentage as the Authority may consent to, and (ii) the aggregate principal amount of all Debt secured by Liens on Restricted Property (other than Excepted Debt) does not exceed 20% of the College's total assets. In no event may the College without the consent of the Authority incur, assume or guarantee any Debt secured by Liens upon the College's portfolio of stocks, bonds, notes or other investments (other than Debt to the Authority), if at the time such Lien is created: (a) the market value of the College's portfolio securing Debt (other than Debt to the Authority) is more than 10% (or such higher percentage as the Authority may consent to) of the total value of the College's portfolio less 110% of the principal amount of Bonds then Outstanding, or (b) the market value of the College's unpledged and unrestricted portfolio is less than 110% of the principal amount of the Bonds then Outstanding. The College is required to demonstrate compliance with this covenant by furnishing a certificate to the Authority and the Trustee within 30 days after the College either incurs, assumes or guarantees a Debt or any extension, renewal or replacement that is secured by Liens on any of the College's property. See "Appendix C - Summary of Certain Provisions of the Loan Agreement - Exempted Transactions."

In addition to the aforementioned secured indebtedness permitted under the Loan Agreement, the Loan Agreement permits the College to secure Debt to the Authority incurred in connection with the issuance by the Authority of any bonds, notes or other obligations under any resolution of the Authority other than the Resolution. Such Debt may be secured with the College's stocks, bonds, real estate or other assets. Any assets securing Debt issued under a resolution of the Authority other than the Resolution would not be for the benefit of the Bondholders under the Resolution.

Events of Default and Acceleration

The following are events of default under the Resolution: (i) a default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of or interest on any Bond; (ii) a default by the Authority in the due and punctual performance of the tax covenants contained in the Resolution, and, as a result thereof, the interest on Bonds of a Series is no longer excludable from gross income under the Code; (iii) a default by the Authority in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution or any Series Resolution on the part of the Authority to be performed and the continuance of such default for 30 days after written notice specifying such default and requiring the 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 25% in principal amount of the Outstanding Bonds; or (iv) an event of default under the Loan Agreement shall have been declared and is continuing and all sums payable by the College under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless otherwise specified above, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that if an event of default (other than as described in clause (ii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Bonds Outstanding, by notice in writing to the Authority, is required to declare the principal of and interest on all of the Bonds Outstanding to be immediately due and payable at the expiration of 30 days after such notice is given. At the expiration of 30 days from the giving of such notice, such principal and interest will become immediately due and payable. The Trustee, with the written consent of the Holders of not less than 25% in principal amount of Bonds not yet due by their terms and then Outstanding, will annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to comply with the covenant described in subclause (ii) of the first paragraph under this heading, upon the direction of the Holders of not less than 25% in principal amount of the Outstanding Bonds of the Series affected thereby, the Trustee is to exercise the rights and remedies provided to the Bondholders under the Resolution. However, the Resolution provides that in no event may the Trustee, whether or not it is acting at the direction of the Holders of 25% or more in principal amount of the Outstanding Bonds of the Series affected thereby, declare the principal of such Series of Bonds, and the interest accrued thereon, to be due and payable immediately as a result of the Authority's failure to comply with such covenant.

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 Holders of the Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice. However, except in the case of default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any of the Bonds, the Trustee

is protected in withholding such notice thereof from 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 Bonds.

Issuance of Additional Bonds

In addition to the Series 2007 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 issued on behalf of the College. The Bonds which may be issued include Fixed Interest Rate Bonds, Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution or the amount of indebtedness that may be otherwise incurred by the College.

General

The Series 2007 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 8 - THE AUTHORITY."

PART 3 - THE SERIES 2007 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2007 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement" and "Appendix D - Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2007 Bonds.

Description of the Series 2007 Bonds

The Series 2007 Bonds are dated their date of delivery and bear interest from such date payable on July 1, 2007 and on each January 1 and July 1 thereafter at the rates set forth on the cover page of this Official Statement. The Series 2007 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

The Series 2007 Bonds will be issued as fully registered bonds. The Series 2007 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 2007 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 2007 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2007 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 2007 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 2007 Bonds, the Series 2007 Bonds will be exchangeable for fully registered Series 2007 Bonds of the same Series 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."

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2007 Bonds are subject to redemption and purchase in lieu of redemption as described below.

Optional Redemption

The Series 2007 Bonds maturing on or before July 1, 2017 are not subject to optional redemption prior to maturity. The Series 2007 Bonds maturing after July 1, 2017 are subject to redemption prior to maturity in any order at the option of the Authority, as a whole or in part at any time, on or after July 1, 2017, at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption

The Series 2007 Bonds maturing after July 1, 2017 are also subject to purchase in lieu of optional redemption prior to maturity at the election of the College, on or after July 1, 2017, in any order, in whole or in part at any time, at a price of 100% of the principal amount thereof (the “Purchase Price”), plus accrued interest to the date set for purchase (the “Purchase Date”).

Special Redemption

The Series 2007 Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part on any interest payment date, at 100% of the principal amount thereof 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 to which such proceeds relate, and (ii) from unexpended proceeds of the Series 2007 Bonds upon the abandonment of all or a portion of the Project due to a legal or regulatory impediment.

Mandatory Redemption

The Series 2007 Bonds maturing on July 1, 2032, July 1, 2039 and July 1, 2046 are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2007 Bonds specified for each of the years shown below:

<u>Series 2007 Term Bonds Maturing on July 1, 2032</u>		<u>Series 2007 Term Bonds Maturing on July 1, 2039</u>		<u>Series 2007 Term Bonds Maturing on July 1, 2046</u>	
<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>
2026	\$ 330,000	2033	\$4,650,000	2040	\$6,275,000
2027	340,000	2034	4,845,000	2041	7,040,000
2028	355,000	2035	5,055,000	2042	7,405,000
2029	370,000	2036	5,275,000	2043	7,785,000
2030	390,000	2037	5,505,000	2044	8,180,000
2031	4,270,000	2038	5,745,000	2045	8,600,000
2032 †	4,450,000	2039 †	5,995,000	2046 †	9,045,000

†Final maturity.

General

The Authority may from time to time direct the Trustee to purchase Series 2007 Bonds with moneys in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2007 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2007 Bonds of the same Series and maturity. The College also may purchase Series 2007 Bonds and apply any Series 2007 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2007 Bonds of the same Series and maturity. To the extent the Authority’s obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Bondholder’s Series 2007 Bonds of the Series and maturity so purchased will be reduced for such year.

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2007 Bonds, the Authority will select the maturities of the Series 2007 Bonds to be redeemed. If less than all of the Series 2007 Bonds of a maturity are to be redeemed, the Series 2007 Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee considers proper in its discretion. DTC has informed the Authority that so long as DTC acts as securities depository for the Series 2007 Bonds, if less than all of the Series 2007 Bonds of a maturity are called for redemption, the particular Series 2007 Bonds of such maturity or portions thereof to be redeemed will be selected by lot by DTC and the DTC Participants in accordance with their procedures. See “Book-Entry Only System” below.

Notice of Redemption

Generally, the Trustee is to give notice of the redemption of the Series 2007 Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to the registered owners of any Series 2007 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than ten Business Days prior to the date such notice is given. Each notice of 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 2007 Bonds to be redeemed. The failure of any owner of a Series 2007 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2007 Bond. If directed in writing by an Authorized Officer of the Authority, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 60 days prior to the redemption date, but publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2007 Bonds.

If, on the redemption date, moneys for the redemption of the Series 2007 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 2007 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2007 Bonds will no longer be considered to be Outstanding under the Resolution.

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Series 2007 Bonds will be given in the name of the College to the registered owners of the Series 2007 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the Purchase Date specified in such notice. The Series 2007 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2007 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2007 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 2007 Bonds. Such Series 2007 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 2007 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 2007 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 2007 Bonds to be purchased, the former registered owners of such Series 2007 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 2007 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 2007 Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2007 Bonds of a maturity are to be purchased, the Series 2007 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2007 Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2007 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 2007 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 2007 Bonds. The Series 2007 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 bond certificate will be issued for each maturity of the Series 2007 Bonds, each in the applicable aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2007 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 2007 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 any of the Series 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007 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 2007 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity of the Series 2007 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an omnibus proxy (the “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 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2007 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility

of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2007 Bonds registered in its name for the purposes of payment of the principal or redemption premium, if any, of, or interest on, the Series 2007 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2007 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2007 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2007 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as a registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of the Series 2007 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2007 Bonds at any time by giving reasonable notice to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Authority may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Authority may retain another securities depository for the Series 2007 Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Authority directs the Trustee to deliver such bond certificates, such Series 2007 Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 2007 Bonds in other authorized denominations and of the same maturity as set forth in the Resolution, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Authority.

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

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY'S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

So long as Cede & Co. is the registered owner of the Series 2007 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2007 Bonds (other than under the captions "PART 11 - TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2007 Bonds.

Principal and Interest Requirements

The following table sets forth the amount required to be paid by the College during each 12-month period ending June 30 of the years shown for the payment of (i) the principal and Sinking Fund Installments of the Series 2007 Bonds payable on the succeeding July 1, (ii) the interest on the Series 2007 Bonds payable on January 1 of such period and on the succeeding July 1, and (iii) total debt service on the Series 2007 Bonds.

Debt Service on the Series 2007 Bonds

12-Month Period Ending June 30	Principal and Sinking Fund Installments on Series 2007 Bonds	Interest Payments on Series 2007 Bonds	Total Debt Service on Series 2007 Bonds
2007	\$ -	\$1,172,187	\$1,172,187
2008	1,460,000	5,780,646	7,240,646
2009	1,515,000	5,722,246	7,237,246
2010	1,575,000	5,661,646	7,236,646
2011	1,645,000	5,598,646	7,243,646
2012	1,730,000	5,516,396	7,246,396
2013	1,815,000	5,429,896	7,244,896
2014	1,905,000	5,339,146	7,244,146
2015	2,005,000	5,243,896	7,248,896
2016	735,000	5,143,646	5,878,646
2017	755,000	5,114,246	5,869,246
2018	785,000	5,084,046	5,869,046
2019	815,000	5,052,646	5,867,646
2020	850,000	5,020,046	5,870,046
2021	885,000	4,986,046	5,871,046
2022	1,190,000	4,949,761	6,139,761
2023	1,245,000	4,900,674	6,145,674
2024	1,290,000	4,849,318	6,139,318
2025	1,350,000	4,795,138	6,145,138
2026	330,000	4,738,438	5,068,438
2027	340,000	4,724,413	5,064,413
2028	355,000	4,709,963	5,064,963
2029	370,000	4,694,875	5,064,875
2030	390,000	4,679,150	5,069,150
2031	4,270,000	4,662,575	8,932,575
2032	4,450,000	4,481,100	8,931,100
2033	4,650,000	4,291,975	8,941,975
2034	4,845,000	4,094,350	8,939,350
2035	5,055,000	3,888,438	8,943,438
2036	5,275,000	3,673,600	8,948,600
2037	5,505,000	3,449,413	8,954,413
2038	5,745,000	3,215,450	8,960,450
2039	5,995,000	2,971,288	8,966,288
2040	6,275,000	2,716,500	8,991,500
2041	7,040,000	2,402,750	9,442,750
2042	7,405,000	2,050,750	9,455,750
2043	7,785,000	1,680,500	9,465,500
2044	8,180,000	1,291,250	9,471,250
2045	8,600,000	882,250	9,482,250
2046	9,045,000	452,250	9,497,250

PART 4 - THE COLLEGE

GENERAL INFORMATION

History of the College

A residential, co-educational liberal arts college, Vassar College (the “College”) is located in the scenic Hudson Valley, 75 miles north of New York City in Poughkeepsie, New York. The original mission of the College, founded in 1861 by Matthew Vassar, was to give young women a liberal arts education equal to that of the best men’s colleges of the day. Rather than the “teacher training” typically provided at “female seminaries,” Vassar offered women the full range of courses from art history to zoology. In 1969, Vassar became the first of the Seven Sisters colleges to open its doors to men. Today, the student body numbers 2,400: 60% women and 40% men.

Vassar’s departments, and interdisciplinary and multidisciplinary programs now range from cognitive science to classical studies, from media studies to neuroscience and behavior. The College confers bachelor’s degrees in 27 undergraduate disciplines, 13 multidisciplinary programs and six interdepartmental programs as well as offering an independent-study program. The College also supports graduate academic work leading to masters’ degrees in certain areas. The College is accredited by the Middle States Association of Colleges and Schools.

Matthew Vassar declared that art should stand “boldly forth as an educational force,” so his college was the country’s first to be founded with a gallery and teaching collection. Today, the Frances Lehman Loeb Art Center, built in 1993, boasts over 16,000 works.

The Vassar campus comprises over 1,000 acres and more than 100 buildings, including two National Historic Landmarks, ranging in style from Collegiate Gothic to International, designed over the course of the College’s history by some of the most prominent architects of the day – James Renwick, Jr., Francis R. Allen, Eero Saarinen, Marcel Breuer, and Cesar Pelli. A designated arboretum, the campus features more than 200 species of trees, a native plant preserve, and a 250-acre ecological preserve.

Governance

The College’s Board of Trustees is responsible for the affairs of the College, including academic policies and financial, budgetary and developmental matters. The College’s by-laws provide that the Board of Trustees shall have between 22 and 35 elected members plus the College president, who serves as a member *ex officio*. At present the Board has 33 members, including the president, and three vacancies. Six Trustees are nominated by the College’s alumnae/i association, the Alumnae and Alumni of Vassar College, while the remainder are nominated by the Board’s Nominations Committee. Members serve for an initial four-year term and can be reelected for up to two additional four-year terms. The current members of the Board, the years in which their terms expire and their affiliations are as follows:

William A. Plapinger*, Chair (2010) – London, England – Attorney, Sullivan & Cromwell LLP
Catharine Bond Hill*, *ex officio* – Poughkeepsie, New York – President, Vassar College
John P. Arnhold (2008) – New York, New York – CEO, Arnhold & S. Bleichroeder Advisers LLC
Andrea M. Baldeck, M.D. (2007) – Blue Bell, Pennsylvania – Retired physician, photographer, civic volunteer
Lloyd J. Braun (2010) – Beverly Hills, California – Media Executive, BermanBraun
James M. Citrin (2007) – New Canaan, Connecticut – Senior Director, Spencer Stuart
Sally Dayton Clement* (2009) – New York, New York – Clinician, private practice
Lurita Alexis Doan* (2010) – Great Falls, Virginia – Administrator, U.S. General Services Administration
Mary Lloyd Estrin (2007) – Los Angeles, California – Vice President, General Service Foundation
Robert J. Friedman (2009) – New York, New York – President, Radical Thinking
Fay Gambia (2008) – New York, New York – Senior Vice President, U.S. Trust Co.
Jeffrey A. Goldstein* (2007) – New York, New York – Managing Director, Hellman & Friedman LLC
Sarah Barringer Gordon* (2010) – Philadelphia, Pennsylvania – Professor, University of Pennsylvania

* Members of the Executive Committee.

Stephen M. Hankins* (2007) – Belvedere, California – Attorney, Schiff Hardin LLP
 Philip N. Jefferson (2007) – Swarthmore, Pennsylvania – Professor, Swarthmore College
 Margaret Venecek Johnson* (2010) – Bryn Mawr, Pennsylvania – Civic volunteer
 Steven W. Korn (2008) – Atlanta, Georgia – Publisher, Fulton County Daily Report
 Lisa Kudrow (2008) – Los Angeles, California – Actor
 Geraldine Bond Laybourne* (2009) – New York, New York – Chairman & CEO, Oxygen Media LLC
 Paula Williams Madison* (2010) – Toluca Lake, California – President & General Manager, KNBC
 Jean Bronson Mahoney (2009) – New York, New York – Civic volunteer
 Margaret Jean McKee (2009) – Cheshire, Connecticut – Civic volunteer
 Alice Pack Melly (2010) – Greenwich, Connecticut – Civic volunteer
 Mark S. Ordan* (2009) – Bethesda, Maryland – President & CEO, The Mills Corporation
 Richard W. Roberts (2007) – Washington, D.C. – Judge, United States District Court
 Patricia Parton Rosenwald* (2007) – New York, New York – Civic volunteer
 Meryl Streep (2008) – New York, New York – Actor
 Lucy Sun* (2008) – London, England – Private Investor
 Monica Vachher* (2008) – Chicago, Illinois – Attorney/Investment Banker, The Astor Group Ltd.
 Barbara Manfrey Vogelstein* (2007) – New York, New York – Civic volunteer
 Nora Ann Wallace (2007) – New York, New York – Attorney, Willkie Farr & Gallagher LLP
 Jill Troy Werner (2009) – Pacific Palisades, California – President & Co-CEO, Federated Linen & Uniform Services
 Christianna A. Wood (2010) – Sacramento, California – Senior Investment Officer, CalPERS

* Members of the Executive Committee.

The Board of Trustees has thirteen standing committees: Executive, Academic Affairs, Audit, Budget and Finance, Buildings and Grounds, College Relations, Development, Investments, Investor Responsibility, Nominations, Personnel and Compensation, Student Affairs, and Technology.

Administration

The President of the College is appointed by the Trustees and serves as the Chief Executive Officer charged with the principal responsibility for administration of the College. All other senior officers are nominated by the President and appointed by the Trustees. The principal administrative officers of the College include the following:

Catharine Bond Hill, President and Professor of Economics. President Hill became the tenth President of Vassar College on July 1, 2006. Hill is a noted economist whose work focuses on higher education affordability and access, as well as on economic development and reform in Africa. For the previous seven years, Hill was the provost of Williams College, with major financial and academic responsibilities, including her role as the college's chief financial officer. Hill originally joined the economics faculty at Williams in 1985, and eventually chaired the college's Economics Department, Center for Development Economics, and Committee on Priorities and Resources. In her earlier career, she worked for the World Bank, and the Fiscal Analysis Division of the U.S. Congressional Budget Office. Hill graduated summa cum laude from Williams College, and also earned B.A. and M.A. degrees at Brasenose College, Oxford University, with first class honours in politics, philosophy and economics. She completed her Ph.D. in economics at Yale University.

Ronald A. Sharp, Dean of Faculty and Professor of English. Mr. Sharp serves as Dean of the Faculty and Professor of English. Before coming to Vassar in July 2003 he was Acting President, John Crowe Ransom Professor of English, and Provost of Kenyon College. An expert on the work of nineteenth-century English poet John Keats, he co-directed the 1995 celebration at Harvard University of the bicentennial of the Romantic poet's birth. In 1978, he resurrected The Kenyon Review, the College's literary magazine, which had ceased publication several years earlier. He is a graduate of Kalamazoo College and holds a master's degree from the University of Michigan and a doctorate from the University of Virginia.

Judy Faye Jackson, Dean of the College and Associate Professor of Education. Ms. Jackson was appointed Dean of the College, effective July 1, 2004. She oversees a broad array of Vassar departments including residential life, academic and career advising, off-campus study, health and disability services, multicultural services, campus activities, equal opportunity and affirmative action, student employment, religious and spiritual life, campus dining, and campus security. Prior to coming to Vassar, she was Associate Vice President for Student Affairs at New York University. She received her doctorate in Administration, Planning, and Social Policy, with a concentration in higher education, from the Harvard University Graduate School of Education and she has a B.A. degree in French Language and Literature from the University of North Carolina in Greensboro, and an interdepartmental Master's degree in Francophone African Literature, Geography, and Foreign Policy from Bucknell University.

Elizabeth A. S. Eismeier, Vice President for Finance and Administration. Ms. Eismeier has served as Vice President for Finance and Administration since 2001. In that position, she oversees the financial management of the College, from planning through reporting; human resource services; physical plant administration and construction; property management including faculty housing; risk management and insurance; and certain support operations. Prior to joining the Vassar administration, she held several senior positions at Colgate University, including Financial Vice President and Treasurer (1987-2001). A Phi Beta Kappa graduate of Smith College with a major in American Studies, Eismeier also holds an MBA from Yale University.

Catherine E. Baer, Vice President for Development. Ms. Baer joined Vassar College as Vice President for Development in May 1999. Prior to coming to Vassar, she served for seven and a half years as a chief fund raiser for the Harvard School of Public Health, first as director of major gifts and then, for her last two years, as interim co-director of the Department of Development and Alumni Relations. She holds a Bachelor of Arts degree in music and history from Mount Holyoke College.

Bret L. Ingerman, Vice President for Computing and Information Services. Mr. Ingerman serves as the chief technology officer of the College and as a member of Vassar's senior administrative team. Prior to coming to Vassar, Ingerman was the Chief Technology Officer at Skidmore College, Saratoga Springs, New York, a position he held since August of 2000, overseeing all of that institution's computing, networking, and telecommunications needs. Ingerman received an M.S. degree in behavioral neuroscience/experimental psychology and a B.S. degree in psychology from Syracuse University in 1987 and 1985, respectively.

Susan DeKrey, Vice President for College Relations. Ms. DeKrey has worked at Vassar since 1990 and has led College Relations since 1999. In this role, she oversees Vassar's publications office, web development, media relations activities, and the Office of Conferences and Summer Programs. She was director of public relations at Marist College from 1988 to 1990, and prior to that, she operated a public relations firm serving clients in business, education, and government. She earned her Bachelor of Arts degree in journalism at Marquette University in Milwaukee, Wisconsin, and did graduate work in urban studies at the University of Wisconsin-Milwaukee.

Affiliation Agreements

The College maintains educational relationships with several institutions through the Twelve College Exchange Program whereby students from participating institutions can attend and earn credit at another without the need for an extensive application, acceptance and credit transfer process. The colleges and universities in this Twelve College Exchange include Amherst, Bowdoin, Connecticut College, Dartmouth, Mount Holyoke, Smith, Trinity, Vassar, Wellesley, Wesleyan, Wheaton and Williams. Students can also participate in exchange programs with the National Theatre Institute and the Williams-Mystic Program. Exchanges are also possible through The Historical Black College Exchange Program at Fisk University, Howard University, Morehouse College and Spelman College.

Foreign exchange programs are conducted through contractual agreements with Exeter University, Sciences Po, Bilgi University, Bogazici University, Ochanomizu University and Ritsumeikan University.

Through consortium agreements with Wellesley and Wesleyan the College offers qualified students the opportunity to study in Italy, France or Spain for either a semester or a year. Students can also study on fall semester programs in St. Petersburg, Russia and Rabat, Morocco.

Vassar students have the opportunity to complete a semester long elementary or secondary teaching internship in Clifden, Ireland in cooperation with the Clifden Community School.

College Properties

The College owns over 1,000 acres of land in the Arlington section of the town of Poughkeepsie, New York and administers over 100 separate buildings with over 2.5 million gross square feet of space.

Main Building, the College's oldest and largest structure, is the heart of the College community and was named a national historic landmark in 1986.

Significant construction and renovation projects completed over the past few years include the construction of a Center for Drama and Film, which houses the department of Drama and Film and includes a 325-seat theater as well as a black box studio and screening and editing facilities; the conversion of Kenyon Hall from a gymnasium into a multi-use facility featuring classrooms and a new dance performance theater as well as facilities for squash, volleyball, and dance rehearsal; the complete renovation of Jewett House, a residence hall; and the construction of new student apartment units that house 70 students.

Insurance presently in effect on the College's property is written on an all-risk policy with a limit of approximately \$366.4 million on both buildings and contents with a \$50,000 deductible. The College also carries both primary and excess liability insurance which combine to offer \$21 million in coverage.

OPERATING INFORMATION

Student Enrollment

The College's enrollment during the last five years, based on registration figures, is outlined below together with total headcount enrollment and full-time equivalent (FTE) totals.

ENROLLMENT SUMMARY

<u>Academic Year</u>	<u>Full-Time Undergraduate</u>	<u>Part-Time Undergraduate</u>	<u>Headcount</u>	<u>FTE</u>
2006-07	2,382	41	2,423	2,396
2005-06	2,339	45	2,388	2,355
2004-05	2,414	61	2,475	2,434
2003-04	2,395	49	2,444	2,411
2002-03	2,411	61	2,472	2,431

Student Admissions

Listed below are the number of applications received for full-time admission to the College together with the number of those applications accepted by the College and the number of admitted students who ultimately enrolled at the College during the past five years based on opening fall enrollment:

ADMISSIONS STATISTICS

<u>Academic Year</u>	<u>Applications</u>	<u>Acceptances</u>	<u>Percent Accepted</u>	<u>New Enrollment</u>	<u>Percent Yield</u>
2006-07	6,075	1,829	30.1%	670	37.0%
2005-06	6,314	1,803	28.5	650	36.1
2004-05	6,193	1,777	28.7	654	36.8
2003-04	6,207	1,806	29.1	636	35.2
2002-03	5,733	1,780	31.0	634	35.6

As the preceding table shows, the ratio of enrollment to accepted applicants has remained relatively stable during the past five fiscal years and the College expects no change in this ratio in the near future.

The College has a continuing commitment to maintaining a diverse student body, ethnically, racially, geographically and socioeconomically. For the Fall 2006 semester, the College enrolled students from all 50 states and the District of Columbia as well as 43 foreign countries. The average combined SAT score for the freshman class entering Fall 2006 was 1381. Applications for the College's Fall 2007 semester totaled 6,393.

Tuition and Fees

For the 2007-08 fiscal year, full-time undergraduate tuition at the College will be \$37,570 and the full room and board charges will be \$8,570. Tuition, room and board contribute to less than 55% of the College's total operating expenses. Tuition, room and board charges for the last five years are listed below:

STUDENT CHARGES

<u>Fiscal Year</u>	<u>Tuition Charges</u>	<u>Room & Board Charges</u>	<u>Total</u>
2006-07	\$35,520	\$8,130	\$43,650
2005-06	33,310	7,900	41,210
2004-05	30,895	7,680	38,575
2003-04	29,095	7,490	36,585
2002-03	27,550	7,340	34,890

Student Financial Aid

The College awards financial aid on a financial-need basis in order that the most qualified student applicants might be able to attend, regardless of their financial circumstances. The financial aid package is offered in the form of loans, employment and scholarship aid.

Although students and their parents are expected to have primary responsibility for financing the student's education, the College offers a variety of assistance plans to help cover educational expenses.

In fiscal year 2005-06, the College provided \$25,596,302 in scholarship assistance to students, excluding \$762,525 in tuition-remission programs. In addition, financial aid students generated \$1,269,677 from payroll earnings from College-sponsored employment opportunities.

In academic year 2005-06, over 49% of the student body received scholarship assistance or grant aid, ranging from \$1,000 to \$42,000 depending primarily on need, averaging \$20,688 per student during that year.

In addition to aid supplied by the College, students obtain grant and loan support from a variety of other sources, including state and federal government. In 2005-06, the College's students borrowed an aggregate of \$4,032,000 under the Stafford Student Loan program and \$772,293 under the Perkins Loan program. Federal grants to students from the Pell Grant program and Supplemental Educational Opportunity Grants amounted to over \$1,027,790 while New York State residents also received \$659,900 in grants from the Tuition Assistance Plan.

A summary of the sources of the funds provided for scholarships and grants for the past five years is as follows:

SOURCES OF FINANCIAL AID

<u>Academic Year</u>	<u>Vassar Grants</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Outside Awards</u>	<u>Total</u>
2005-06	\$25,596,302	\$659,900	\$1,027,790	\$702,950	\$27,986,942
2004-05	24,268,311	635,403	1,104,854	818,628	26,827,196
2003-04	21,572,856	768,092	1,100,519	833,313	24,274,780
2002-03	21,077,382	706,860	1,180,342	773,615	23,738,199
2001-02	19,056,266	711,428	1,060,515	775,772	21,603,981

Faculty

The College currently employs 288 full-time faculty members and 80 part-time faculty members. Of the full-time appointments, 222 (77%) are tenured or in tenure-track positions, with 58% having tenure. The majority of faculty are appointed to one of three principal academic ranks: Professor, Associate Professor or Assistant Professor. The College believes that its compensation package for faculty is comparable to those of similar private, liberal arts colleges with enrollments of approximately 2,500 students.

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>
2006-07	288	80	368	312	58%
2005-06	276	68	344	297	56
2004-05	267	52	319	293	61
2003-04	258	55	313	287	59
2002-03	246	55	301	275	62

Employee Relations

The College currently employs 822 regular full-time and part-time employees who are not faculty. The secretarial, clerical and technical employees of the College have been represented by Local 1120 of the Communications Workers of America since 1985. Membership currently totals 234 employees. The current contract with Local 1120 expires June 30, 2007 and negotiations are scheduled to commence in April of 2007. The College also employs seven carpenters who are also represented by Local 1120 of the Communications Workers of America under a separate contract, which expires June 30, 2010. Local 200U of the Service Employee International Union represents 280 of the College's service employees. The current contract with Local 200U expires June 30, 2008. Negotiations for its renewal are expected to commence in the spring of 2007.

The faculty and administration are not represented by any collective bargaining organization. The College has not experienced a work stoppage or formal slowdown in the past decade.

ANNUAL FINANCIAL STATEMENT INFORMATION

Operating Budget

The College begins to prepare the budget for its fiscal year (July 1-June 30) in August, eleven months prior to the beginning of the fiscal year. The budget process is an iterative one in which departmental requests are reviewed and discussed by department heads, senior officers and the President. The budget is ultimately approved by the Board of Trustees.

The operating budget approved by the Board of Trustees for the 2006-07 fiscal year is approximately \$135 million. Revenues to cover operating expenditures have, on average over the last five fiscal years, come from the following sources: tuition and fees, including room and board (54%); endowment income (29%); private gifts and grants (9%); auxiliary/other (7%); and State and federal funds (1%).

Capital Budget

Capital expenditures are budgeted by using the same iterative process employed in preparing the operating budget. The College has budgeted \$21.8 million for capital building and renovation projects for the 2006-07 fiscal year. Funds for this portion of the capital budget are derived from current year operating revenues, designated reserves, endowment income, and specific gifts made for capital expenditures.

College Finances

The following table is based on the audited financial statements of the College for the fiscal years 2002 through 2006 and should be read in conjunction with the financial statements and related notes set forth in Appendix B to this Official Statement. See the Notes to Financial Statements set forth in Appendix B for a description of the accounting principles utilized in preparing these statements.

	Total for the Year ended June 30,				
	(in thousands)				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating revenues					
Tuition and fees	\$61,994	\$66,879	\$70,711	\$79,179	\$84,682
Room and board	14,848	15,312	15,617	16,051	16,398
	76,842	82,192	86,328	95,229	101,079
Less: Scholarships	<u>(19,056)</u>	<u>(21,077)</u>	<u>(21,573)</u>	<u>(24,268)</u>	<u>(25,596)</u>
Net tuition, fees, room and board	57,785	61,114	64,755	70,961	75,483
Investment return					
Interest and dividends	13,708	13,135	15,866	15,013	14,930
Realized accumulated gains used to meet spending policy	19,434	22,218	17,091	18,976	23,462
Government grants	1,274	1,610	1,650	1,542	1,651
Private gifts and grants	12,568	10,534	11,256	10,028	12,574
Other revenue	3,337	3,058	3,146	3,789	3,611
Auxiliary enterprises	<u>4,605</u>	<u>4,337</u>	<u>4,444</u>	<u>4,305</u>	<u>4,797</u>
Total operating revenue	<u>112,710</u>	<u>116,007</u>	<u>118,208</u>	<u>124,614</u>	<u>136,509</u>
Operating expenses					
Instruction	42,744 *	46,458 *	50,409	56,989	60,107
Research	2,460	2,714 *	3,563	3,675	2,919
Academic support	11,880	12,859 *	14,665	15,334	15,956
Student services	10,215	11,090 *	11,994	12,618	13,041
Institutional support	22,600 *	24,189 *	25,068	25,684	28,786
Auxiliary enterprises	<u>19,018 *</u>	<u>17,664 *</u>	<u>18,010</u>	<u>19,526</u>	<u>17,651</u>
Total operating expenses	<u>108,918</u>	<u>114,973</u>	<u>123,710</u>	<u>133,826</u>	<u>138,460</u>
Change in net assets from operations	<u>3,792</u>	<u>1,033</u>	<u>(5,502)</u>	<u>(9,212)</u>	<u>(1,951)</u>
Non-operating activities					
Private gifts	28,096	24,417	20,141	15,817	37,474
Interest and dividends	3,773	2,776	512	1,061	541
Adjustment for minimum pension liability	(2,439)	(2,633)	556	(2,796)	2,972
Realized and unrealized gains	(56,285)	4,918	70,628	76,829	81,170
Realized gains used to meet spending policy	(19,434)	(22,218)	(17,091)	(18,976)	(23,462)
Gain (loss) on disposal of fixed assets	-	-	-	(305)	5,875
Changes in value of deferred gifts	850	3,312	(1,708)	3,013	(875)
Cumulative effect for reporting certain investments on lag basis	<u>3,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets from non-operating activities	<u>(41,448)</u>	<u>10,572</u>	<u>73,038</u>	<u>74,644</u>	<u>103,694</u>
Change in net assets before effect of a change in accounting principle	(37,656)	11,606	67,536	65,431	101,743
Cumulative effect of a change in accounting principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,966)</u>
Increase in net assets after cumulative effect of a change in accounting principle	(37,656)	11,606	67,536	65,431	92,777
Net assets at beginning of year	<u>789,158</u>	<u>751,502</u>	<u>763,108</u>	<u>830,644</u>	<u>896,075</u>
Net assets at end of year	<u>\$751,502</u>	<u>\$763,108</u>	<u>\$830,644</u>	<u>\$896,075</u>	<u>\$988,852</u>

* Certain amounts have been reclassified to conform with subsequent fiscal years' presentation.

Discussion of Recent Financial Operations

In fiscal year 2006, unrestricted operating revenues totaled approximately \$136 million. The College's principal source of unrestricted operating revenues was student tuition and fees, net of student aid, which represented 56% of such revenues. Grants and contracts for research and training programs represented 1% of unrestricted operating revenues; sales and services of auxiliary enterprises comprised 4%; investment return used in operations comprised 27%; and government appropriations (New York State Bundy aid), contributions received for unrestricted operating use (the Annual Fund), net assets released from restrictions and other sources comprised the remaining 12% of unrestricted operating revenues. Operating expenses totaled \$138 million; program services expenses, which consist of all expenses other than institutional support, represented 79% of total expenses, at \$110 million. The decrease in unrestricted net assets from operations was approximately \$2.5 million. The change in net assets from operations has been negative in the last three years, reflecting higher levels of annual depreciation as the College renews older buildings. The negative result in 2005 was amplified by rising energy prices and a reduction in the discount rate applied to the defined benefit pension plan for service employees and the post-retirement health insurance plan for faculty, administration, and clerical and technical staff.

Unrestricted non-operating net assets increased by approximately \$78 million arising mainly from a \$50 million excess of total investment return over amounts used in operations. Temporarily restricted and permanently restricted non-operating net assets increased by \$26 million, principally a result of pledges received for the College's endowment fund. Overall, the College's net assets increased by \$93 million in fiscal year 2006 as a result of the changes described herein.

There has been no material adverse change in the financial condition of the College since June 30, 2006.

Government Contracts and Grants

The College received funding from government contracts and grants (excluding financial aid funding, shown above) as follows:

Government Contracts and Grants

<u>Fiscal Year</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
2006	\$920,870	\$268,112	\$1,188,982
2005	803,758	254,456	1,058,214
2004	859,019	276,209	1,135,228
2003	800,882	278,945	1,079,827
2002	436,670	292,103	728,773

Federal funds support student financial aid and research and instruction, primarily in the sciences. The College also received an additional \$352,593 in fiscal year 2006 in the form of Federal Work Study financial aid grants.

State funding consists of Bundy Aid, a program that allocates funds to not-for-profit institutions of higher education based on the number of academic degrees conferred in the preceding year.

Fundraising

The table below summarizes annual support for the last five fiscal years, including contributions and pledges and is presented in accordance with generally accepted accounting principles. During this period, the College conducted annual fund drives and also raised funds in support of certain construction and renovation projects, but did not conduct a comprehensive fundraising campaign. The higher level of gifts received in 2006 reflects gifts and pledges made in honor of the twenty years of service of retiring President Frances D. Fergusson.

Summary of Fundraising

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Unrestricted	\$13,282,418	\$16,767,745	\$12,574,797	\$14,530,406	\$11,106,619
Temporarily Restricted	19,736,355	14,013,019	12,161,578	3,729,909	21,386,317
Permanently Restricted	<u>7,645,361</u>	<u>4,170,490</u>	<u>6,660,612</u>	<u>7,584,550</u>	<u>17,554,817</u>
Total	\$40,664,134	\$34,951,254	\$31,396,987	\$25,844,865	\$50,047,753

Investments

At June 30, 2006, the cost of all investments, including money market funds and commercial paper, common stock, equity and fixed income mutual funds, other fixed income instruments, and forward currency buy and sell contracts amounted to \$ 704,821,251 and their fair value amounted to \$ 798,187,473. At December 31, 2006, the fair value of the College's investments totaled \$ 872,365,765, which reflected additional gifts received and changes in market valuation. The value of the College's investments may be adversely affected by adverse events in the financial markets.

The College allocates income from certain long-term investments (i.e., endowment and similar funds) to operations under the total return method. The Board approves annually a spending rate for the endowment, based on Board guidelines. Spending increases annually based on the consumer price index plus 1%, as long as the resulting rate does not exceed 5.5%, nor fall below 4.5% of the trailing 12-quarter average market value of the fund, lagged one year. In addition, the Board may approve supplemental spending from the endowment for capital renovations or special budget support. For the current fiscal year, the Board approved a budget that included supplemental spending of \$4 million.

The College's Investment Policy for the endowment is to manage a balanced fund using external managers for domestic and international equity, fixed income and various partnerships for private equity. The assets are managed to maximize total return.

The Investments Committee of the Board of Trustees oversees the investment of the endowment funds, and is responsible for the Investment Policy of the College. Asset allocation, manager selection and operational considerations related to the investment program are defined by this policy, which is reviewed periodically and updated by the Investments Committee. As of December 31, 2006, 57.7% of the endowment was invested in equity securities, 11.5% was invested in bonds and fixed income investments, and 30.8% was invested in non-traditional investments.

The following table sets forth the fair value of investments for the past five fiscal years. For a discussion of how certain investments are valued, see Note 1 to the financial statements included in Appendix B to this Official Statement.

Fair Value of Investments as of June 30,

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Unrestricted	\$373,870,852	\$364,597,445	\$409,169,652	\$471,568,438	\$515,129,019
Temporarily Restricted	70,199,574	68,754,544	75,321,742	67,515,524	75,251,477
Permanently Restricted	<u>168,764,248</u>	<u>174,834,939</u>	<u>181,250,334</u>	<u>189,048,827</u>	<u>207,806,977</u>
Total	\$612,834,674	\$608,186,928	\$665,741,728	\$728,132,789	\$798,187,473

Plant Assets

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

Plant Assets as of June 30,

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Land	\$ 3,134,094	\$ 3,134,094	\$ 2,627,516	\$ 2,627,516	\$ 2,007,427
Land improvements	5,753,321	8,247,830	8,535,535	8,695,753	8,745,503
Building and improvements	182,074,298	222,665,734	250,773,426	260,962,056	291,946,095
Equipment	44,904,904	48,895,685	53,125,655	55,989,821	58,066,458
Library books	28,077,689	29,920,687	32,088,393	33,756,765	35,932,343
Art works and collectibles	30,484,650	36,143,086	36,864,012	40,519,983	41,368,238
Construction in progress	17,227,273	19,424,621	4,264,871	11,734,512	1,346,397
Less: Accumulated Depreciation	<u>(118,534,566)</u>	<u>(128,060,188)</u>	<u>(139,072,530)</u>	<u>(150,795,646)</u>	<u>(161,338,270)</u>
Total	\$193,121,663	\$240,371,549	\$249,206,878	\$263,490,760	\$278,074,191

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

Outstanding Indebtedness

A portion of the proceeds from the Series 2007 Bonds will be applied to refund all of the College's current outstanding long-term debt. The College maintains a \$10 million line of credit through HSBC Bank, but it has never been used.

Benefit Plans

The College has defined benefit pension plans covering certain nonacademic union employees. Benefits under this plan are based on years of service and a benefit multiplier set through collective bargaining. The College intends to make additional contributions to the pension fund from operating revenues on an annual basis that will meet or exceed the requirements of the Pension Protection Act of 2006 with respect to unfunded liabilities.

The College also has defined contribution pension plans covering certain full-time and part-time academic and nonacademic employees.

In addition, the College provides health insurance coverage to retired academic and nonacademic employees.

Total expense for these plans for the past five fiscal years ended June 30 are as follows:

Pension and Postretirement Expenses			
Year Ended	Defined Benefit	Defined Contribution	Postretirement
<u>June 30</u>	<u>Pension Plans</u>	<u>Pension Plans</u>	<u>Health</u>
2006	\$1,215,272	\$5,999,252	\$3,078,295
2005	915,040	5,548,885	1,982,504
2004	1,110,449	5,416,000	1,652,562
2003	553,419	4,930,000	1,487,872
2002	443,536	4,610,000	1,445,060

See Notes 4 and 5 to the financial statements included as Appendix B to this Official Statement for further information concerning the College's pension and postretirement obligations.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("SFAS 158"), which requires an employer to recognize on the face of the statements, rather than in the footnotes, the over-funded or under-funded status of a defined benefit postretirement plan (other than a multi-employer plan). The provisions of SFAS 158 are effective for fiscal years ending after June 15, 2007, except for the measurement date provisions, which are effective for fiscal years ending after December 15, 2008. Based on the College's unfunded obligation as of June 30, 2006, and assumptions governing the amounts recognized in the 2005/06 fiscal year, the College estimates that the adoption of SFAS 158 would have reduced unrestricted net assets by approximately \$17.5 million if it had been effective in the 2005/06 fiscal year. The adoption of SFAS 158 is not expected to have any effect on the results of the College's operations. By the time of adoption at June 30, 2007, plan performance and actuarial assumptions could have a significant impact on the actual amounts recorded.

Future Spending Plans

The College is engaged in a capital renewal program to renew and renovate many of the older buildings on campus and anticipates that annual capital expenditures for facility renewal and renovation will average \$15-\$20 million per year. A portion of the proceeds of the Series 2007 Bonds will support this program, with remaining costs to be paid from operating revenues, designated reserves, endowment income and specific gifts. The College does not anticipate incurring debt other than the Series 2007 Bonds to finance capital expenditures during the next three years. However, the College re-evaluates its capital and financial plans from time to time and the Loan Agreement does not prohibit the incurrence of additional debt.

LITIGATION

There is no material litigation pending or threatened against the College which would result in recovery which is not covered by applicable insurance programs less deductible provisions.

PART 5 - THE PROJECT

The Project consists of a variety of campus-wide undertakings, including: (i) the renovation, furnishing, equipping and improving of student residences and apartments, (ii) the replacement of boilers and related equipment in the Campus Steam Plant and steam line replacements, (iii) exterior renewal, including roof, gutter, window, masonry and other miscellaneous repairs and replacements, to various buildings, (iv) interior renovations, including classroom, office, bathroom, student room, and other building and room renovations, electrical and data wiring, fire alarm and suppression systems, elevator repairs and replacements, and other miscellaneous repairs and replacements to various buildings, (v) renovation, furnishing, equipping, and improving of other campus facilities needed to accommodate relocations caused by the proposed construction and renovation projects, (vi) improvements to campus infrastructure, including electrical and data wiring, campus lighting, roadways, walks, and parking lots, electrical systems, HVAC systems, and water, storm drainage, and sanitary lines, and (vii) general campus construction, renovation, deferred maintenance, equipment and improvements.

PART 6 - THE REFUNDING PLAN

A portion of the proceeds of the Series 2007 Bonds, together with other available funds, will be used to acquire noncallable direct obligations of the United States of America to be deposited with the respective trustees for the Series 1995 Bonds and the Series 2001 Bonds. The principal of and interest on such obligations, when due, together with any initial cash deposits, will provide funds sufficient to pay the principal and redemption price of and interest on the Refunded Bonds to the respective dates fixed for redemption. The Series 1995 Bonds will be redeemed on July 1, 2007 at a redemption price of 101% of the principal amount thereof, plus accrued interest to the redemption date. The Series 2001 Bonds will be redeemed on August 1, 2011 at a redemption price of 101% of the principal amount thereof, plus accrued interest to the redemption date. See “PART 16 – VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

PART 7 - ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of Series 2007 Bonds	\$	125,455,000
Plus: Net Premium		1,976,246
Series 1995 Debt Service Reserve Fund		1,382,896
Series 1995 Debt Service Fund		<u>2,134,484</u>
Total Sources	\$	<u><u>130,948,626</u></u>

Uses of Funds

Deposit to Construction Fund	\$	50,000,000
Deposits to Refunding Escrows		78,910,531
Costs of Issuance		1,289,277
Underwriter’s Discount		<u>748,818</u>
Total Uses	\$	<u><u>130,948,626</u></u>

PART 8 - THE AUTHORITY

Background, Purposes and Powers

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

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

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

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

Outstanding Indebtedness of the Agency Assumed by the Authority

At December 31, 2006, the Agency had approximately \$662 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at December 31, 2006 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	\$ 7,955,000
Insured Mortgage Programs	6,625,079,927	616,664,927
Revenue Bonds, Secured Loan and Other Programs	<u>2,414,240,000</u>	<u>37,350,000</u>
Total Non-Public Programs	<u>\$ 9,265,549,927</u>	<u>\$ 661,969,927</u>
Total MCFFA Outstanding Debt	<u>\$ 13,082,780,652</u>	<u>\$ 661,969,927</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:

GAIL H. GORDON, Esq., *Chair*, Slingerlands.

Gail H. Gordon was appointed as a Member of the Authority by the Governor on May 10, 2004. Ms. Gordon served as Deputy Commissioner and General Counsel for the Office of Children and Family Services from September 15, 1997 to December 31, 2006. She previously was of counsel to the law firm of Helm, Shapiro, Anito & McCale, P.C., in Albany, New York, where she was engaged in the private practice of law. From 1987 to 1993, Ms. Gordon served as Counsel to the Comptroller of the State of New York where she directed a legal staff of approximately 40 attorneys, was responsible for providing legal and policy advice to the State Comptroller and his deputies in all areas of the State Comptroller's responsibilities, including the supervision of accounts of public authorities and in the administration, as sole trustee, of the New York State Employees Retirement System and the Policemen's and Firemen's Retirement System. She served as Deputy Counsel to the Comptroller of the State of New York from 1983 to 1987. From 1974 to 1983, Ms. Gordon was an attorney with the law firm of Hinman, Howard & Kattell, Binghamton, New York, where she concentrated in areas of real estate, administrative and municipal law. Ms. Gordon holds a Bachelor of Arts degree from Smith College and a Juris Doctor degree from Cornell University School of Law. Ms. Gordon's current term expires on March 31, 2007.

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on April 26, 2004. 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. His current term expires on March 31, 2007.

JOSE ALBERTO CORVALAN, M.D., *Secretary*, Armonk.

Dr. Corvalan was appointed as a Member of the Authority by the Governor on June 22, 2005. Dr. Corvalan is Chief of Laparoscopic Surgery at St. Vincent's Midtown Hospital in Manhattan. Dr. Corvalan is a Diplomate, American Board of Surgery, and is a Fellow of the American College of Surgeons and the New York Academy of Medicine. Dr. Corvalan has held a number of teaching positions and is Associate Professor of Surgery at New York Medical College, Valhalla, New York. His current term expires on March 31, 2008.

BRIAN RUDER, Scarsdale.

Mr. Ruder was appointed as a Member of the Authority by the Governor on June 23, 2006. He is Chief Executive Officer of Skylight Partners, a strategic marketing and business development consulting group that he founded in 2001. Prior to Skylight Partners, Mr. Ruder served for four years as Executive Vice President of Global Marketing for Citigroup. He spent 16 years at the H.J. Heinz Co. in progressively responsible positions, including President of Heinz USA, President of Weight Watchers Food Company and corporate Vice President of Worldwide Infant Feeding. He also served as Director of Marketing, New Products and Sales for Pepsi USA in the mid-1980's. Mr. Ruder is Vice Chairman of the New York State Board of Science, Technology and Academic Research (NYSTAR), and also serves on the board of the Adirondack Council, the Scarsdale United Way, the New York Metro Chapter of the Young Presidents' Organization and PNC Private Client Advisors. Mr. Ruder earned a Bachelor of Arts degree in American History in 1976 from Washington University in St. Louis, Mo., and a Master of Business Administration degree in Marketing in 1978 from the Tuck School at Dartmouth College. His current term expires on March 31, 2009.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. He is a member of the Board of Directors of Natural Health Trends Inc., a public company, where he chairs the Audit Committee. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2007.

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.

ROMAN B. HEDGES, Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges currently serves as the Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means where he was responsible for the preparation of studies of the New York State economy and revenues of local government, tax policy and revenue analyses, and for negotiating revenue and local government legislation for the Assembly. Dr. Hedges 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.

KEVIN R. CARLISLE, Averill Park.

Mr. Carlisle was appointed as a Member of the Authority by the Temporary President of the Senate on January 29, 2007. After a career in public housing and business consulting, Mr. Carlisle retired in 2003 as Assistant Commissioner of the state Division of Housing and Community Renewal (“DHCR”) and Vice President of the New York State Housing Trust Fund Corporation. He was responsible for capital development programs which financed approximately 4,000 units annually, with a total development cost of \$500 million. He conceived the state’s Homes for Working Families Program, which received the 1999 Award for Program Excellence from the National Council of State Housing Finance Agencies. Similarly, Mr. Carlisle implemented the Rural Leveraging Partnership Program, which was cited as a national model by U.S. Rural Housing Services. He also served at DHCR as Director of Underwriting, Deputy Director of the Office of Rural Development, and designed the housing strategy that met the state’s off-site commitment to induce the U.S. Army’s 10th Mountain Division to locate at Fort Drum. Before he joined DHCR in 1982, Mr. Carlisle was a partner in Barrett Carlisle & Co., a real estate development and consulting firm, and served the City of Troy and the City of Cohoes in economic planning and real estate project management. Mr. Carlisle earned both a Bachelor’s degree in Economics and a Master’s degree in Urban and Environmental Studies from Rensselaer Polytechnic Institute.

RICHARD P. MILLS, *Commissioner of Education of the State of New York, Albany; ex-officio.*

Dr. Mills became Commissioner of Education on September 12, 1995. Prior to his appointment, Dr. Mills served as Commissioner of Education for the State of Vermont since 1988. From 1984 to 1988, Dr. Mills was Special Assistant to Governor Thomas H. Kean of New Jersey. Prior to 1984, Dr. Mills held a number of positions within the New Jersey Department of Education. Dr. Mills’ career in education includes teaching and administrative experience at the secondary and postsecondary education levels. Dr. Mills holds a Bachelor of Arts degree from Middlebury College and a Master of Arts, a Master of Business Administration and a Doctor of Education degree from Columbia University.

PAUL E. FRANCIS, *Budget Director for the State of New York, Westchester County; ex-officio.*

Mr. Francis was appointed Director of the Budget on January 1, 2007. As Director of the Budget, Mr. Francis heads the New York State Division of the Budget and serves as the chief fiscal policy advisor to the Governor. Mr. Francis 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. Francis also currently serves as a Senior Advisor to the Governor. Prior to his appointment to Director of the Budget and Senior Advisor to the Governor, Mr. Francis served as policy director for Governor Spitzer’s gubernatorial campaign and transition team. His private sector experience includes managing partner of the Cedar Street Group, a venture capital firm he founded in 2001; chief financial officer for Priceline.com from its formation in 1997 to 2000; chief financial officer for Ann Taylor stores from 1993 to 1997; and managing director at Merrill Lynch & Co., where he worked from 1986 to 1993. Mr. Francis is a graduate of Yale College and New York University Law School.

RICHARD F. DAINES, M.D., *Commissioner of Health, Albany; ex-officio.*

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke’s-Roosevelt Hospital Center since 2002. Before joining St. Luke’s-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor

of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

The principal staff of the Authority is as follows:

MARYANNE GRIDLEY is the Executive Director and chief administrative and operating officer of the Authority. Ms. Gridley is responsible to the Authority for the management, operations and administration of its affairs. Prior to joining the Authority in April 2002, she was First Deputy Secretary to Governor George E. Pataki, serving as a senior advisor on policy issues. From 1995 to 1999, she held positions with the Governor's Office of Public Authorities within the Executive Chamber, first as Assistant Secretary, and then as Deputy Secretary. From 1985 to 1995, she was Assistant Deputy Comptroller for Investments and Cash Management in the Office of the State Comptroller. She also served as a Senior Legislative Budget Analyst with the State Senate Finance Committee from 1977 to 1985. The Municipal Forum of New York honored Ms. Gridley with its Public Sector Career Service Award in March 2000. She received her Bachelor's degree from Newton College of the Sacred Heart, and holds a Master's degree in Public Administration from the State University of New York at Albany.

MICHAEL T. CORRIGAN is the Deputy Executive Director of the Authority, and assists the Executive Director 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.

CHERYL ISHMAEL is the Managing Director of Public Finance. She conducts and coordinates financial feasibility studies for certain institutions and coordinates the production of disclosure documents for the sale of Authority obligations. Ms. Ishmael has worked in finance in both the public and private sectors, as a Managing Director of public finance at two investment banking firms. She served as Deputy Budget Director of the New York City Office of Management and Budget and as Director of Fiscal Studies for the State Senate Finance Committee. She also served as an Adjunct Professor at Columbia University. She holds a Bachelor's degree in Political Science and Journalism from Syracuse University and a Master's degree in Public Administration from the State University of New York at Albany, Graduate School of Public Affairs.

LORA K. LEFEBVRE is the Managing Director of Portfolio Management. She is responsible for the supervision and direction of the Authority's health care monitoring and higher education monitoring groups. Prior to joining the Authority in 1995, Ms. Lefebvre worked for the New York State Division of Budget for nine years in a number of different capacities, working in subject areas that included the State University of New York, school aid and public authority oversight. She holds a Bachelor of Arts in Political Science from Alfred University and a Master's degree in Public Administration from the State University of New York at Albany.

JOHN G. PASICZNYK is the Chief Financial Officer of the Authority. Mr. Pasicznyk is responsible for investment management and accounting, as well as the development of the financial policies for the Authority. Before joining the Authority in 1985, Mr. Pasicznyk worked in audit positions at KPMG Peat Marwick and Deloitte & Touche. He holds a Bachelor's degree from Syracuse University and a Master of Business Administration degree from the Fuqua School of Business at Duke University.

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

JAMES M. GRAY, R.A., 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. He has been with the Authority since 1986, and has held increasingly responsible positions within the Office of Construction, including Director of the State University of New York (SUNY) and Independent Institutions Construction Program. He began his public service career in 1977 in the

New York State Office of General Services. He has been a registered architect in New York since 1983. Mr. Gray holds a Bachelor's degree in architecture from the New York Institute of Technology.

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 2007 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, 2006. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 9 - LEGALITY OF THE SERIES 2007 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2007 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 2007 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 10 - NEGOTIABLE INSTRUMENTS

The Series 2007 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 2007 Bonds.

PART 11 - TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2007 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2007 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2007 Bonds. Pursuant to the Resolution, the Series Resolution, the Loan Agreement and the Tax Certificate, the Authority and the College have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2007 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the College have made certain representations and certifications in the Resolution, the Series Resolution, the Loan Agreement and the Tax Certificate. Bond Counsel will also rely on the opinion of Counsel to the College as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Authority and the College described above, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2007 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that, by virtue of the Act, interest on the Series 2007 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2007 Bonds maturing July 1, 2019 through 2025, inclusive, July 1, 2032 and July 1, 2039 (collectively the “Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Series 2007 Bonds maturing July 1, 2008 through 2018, inclusive, and July 1, 2046 (collectively, the “Premium Bonds”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is

required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2007 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2007 Bonds.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Series 2007 Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2007 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described under the caption "Tax Matters." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2007 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Federal Tax Law and Post Issuance Events

From time to time proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for Federal income tax purposes of the interest on the Series 2007 Bonds, and thus on the economic value of the Series 2007 Bonds. This could result from reductions in Federal income tax rates, changes in the structure of the Federal income tax rates, changes in the structure of the Federal income tax or its replacement with another type of tax, repeal of the exclusion of the interest on the Series 2007 Series 2007 Bonds from gross income for such purposes, or otherwise. It is not possible to predict whether any legislation having an adverse impact on the tax treatment of holders of the Series 2007 Bonds may be proposed or enacted.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2007 Bonds may affect the tax status of interest on the Series 2007 Bonds. Bond Counsel expresses no opinion as to any Federal, State or local tax law consequences with respect to the Series 2007 Bonds, or the interest thereon, if any action is taken with respect to the Series 2007 Bonds or the proceeds thereof upon the advice or approval of other counsel.

PART 12 - STATE NOT LIABLE ON THE SERIES 2007 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 2007 Bonds are not a debt of the State and that the State is not liable on the Series 2007 Bonds.

PART 13 - COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged.

Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority's notes or bonds.

PART 14 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2007 Bonds by the Authority are subject to the approval of Nixon Peabody LLP, New York, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2007 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, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Hiscock & Barclay, LLP, Albany, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2007 Bonds or questioning or affecting the validity of the Series 2007 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Authority to finance the Project in accordance with the provisions of the Act, the Resolution and the Loan Agreement.

PART 15 - UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2007 Bonds from the Authority at an aggregate purchase price of \$126,682,427.49 and to make a public offering of the Series 2007 Bonds at prices that are not in excess of the public offering price or prices stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2007 Bonds if any are purchased.

The Series 2007 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

PART 16 - VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore Inc., a firm of independent public accountants, will issue a report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided to it. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash, the maturing principal amounts and the interest on the obligations deposited with the respective trustees for the Refunded Bonds to pay the principal, interest and redemption price coming due on the applicable Refunded Bonds on and prior to their respective maturity or redemption dates as described in "PART 6 - THE REFUNDING PLAN," and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series 2007 Bonds are not "arbitrage bonds" under the Code and the applicable income tax regulations. Causey Demgen & Moore Inc. will express no opinion on the reasonableness of the assumptions provided to it, the likelihood that the principal of and interest on the Series 2007 Bonds will be paid as described in the schedules provided to it, or the exclusion of the interest on the Series 2007 Bonds from gross income for federal income tax purposes.

PART 17 - CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the College has undertaken in a written 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 of its fiscal years, commencing with the fiscal year ending June 30, 2007, for filing by DAC with each Nationally Recognized Municipal Securities Information Repository (each a "Repository"), and if and when one is established, the New York State Information Depository (the "State Information

Depository”), on an annual basis, operating data and financial information of the type hereinafter described which is included in “PART 4 — THE COLLEGE” of this Official Statement (the “Annual Information”), together with the College’s annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with U.S. generally accepted auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to each Repository and to the State Information Depository when they become available.

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

The College will also 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 they have actual knowledge of the occurrence of a Notice Event (as hereinafter defined), in a timely manner, the notices required to be provided by Rule 15c2-12 described below (the “Notices”). Upon receipt of Notices from the Authority, DAC will file the Notices to each such Repository or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the State Information Depository, in a timely manner. With respect to the Series 2007 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 2007 Bonds or any other party. DAC has no responsibility for the Authority’s failure 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 4 - 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 “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 FINANCIAL AID,” (5) *faculty*, similar to that set forth under the heading “FACULTY PROFILE,” (6) *employee relations*, including material information about union contracts and, unless such information is included in the audited financial statements of the College, retirement plans; (7) *investments*, unless such information is included in the audited financial statements of the College; (8) *plant values*, 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 with respect to the Series 2007 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Series 2007 Bonds; (7) modifications to the rights of holders of the Series 2007 Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series

2007 Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Series 2007 Bonds, to provide to each Repository or the MSRB and to the State Information Depository, 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 agreement to provide continuing disclosure described above is an action to compel specific performance of the undertaking of DAC, the College and/or the Authority, and no person, including any Holder of the Series 2007 Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the agreement shall not constitute an Event of Default under the Resolution, the Series Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the 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. As a result, the parties to the agreement do not anticipate that it often will be necessary to amend the informational undertaking. The agreement, however, may be amended or modified without Bondholders consent under certain circumstances set forth therein. Copies of the agreement when executed by the parties thereto upon the delivery of the Series 2007 Bonds will be on file at the principal office of the Authority.

PART 18 - MISCELLANEOUS

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

The agreements of the Authority with Holders of the Series 2007 Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2007 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2007 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 and the Project 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.

"Appendix A - Definitions," "Appendix C - Summary of Certain Provisions of the Loan Agreement," "Appendix D - Summary of Certain Provisions of the Resolution" and "Appendix E - Form of Approving Opinion of Bond Counsel" have been prepared by Nixon Peabody LLP, New York, New York, Bond Counsel.

The financial statements as of June 30, 2006 and 2005 and for each of the two years in the period ended June 30, 2006, included in Appendix B of this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing therein.

The College has reviewed the parts of this Official Statement describing the College, the Project, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. It is a condition to the delivery of the Series 2007 Bonds that the College certify to the Underwriters and the Authority that, as of the date of this Official Statement and the date of delivery of the Series 2007 Bonds, such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The College has agreed to indemnify the Authority 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.

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DEFINITIONS

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DEFINITIONS

The following are definitions of certain terms 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 thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

Act means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 and Title 4-B of Article 8 of the Public Authorities Law of the State, as amended).

Affiliate means all entities now existing or hereafter formed or acquired whose financial statements are required under generally accepted accounting principles to be combined with those of the College or whose assets and liabilities are consolidated with those of the College.

Annual Administrative Fee means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority.

Appreciated Value means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or the Bond Series Certificate relating thereto and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from such 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 thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

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

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

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

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

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Portfolio Management, 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

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by-laws of the Authority to perform such act or execute such document; (ii) in the case of the College when used with reference to any act or document, the person or persons authorized by a resolution or the by-laws of the College to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of such Trustee or the by-laws of such Trustee.

Available Assets means the total of all assets of the College and its Affiliates, less all permanently restricted net assets of the College and its Affiliates; provided, however, that such assets shall not include any assets of an Affiliate that are not legally available to the College notwithstanding that such assets are combined or consolidated with those of the College for financial accounting purposes; provided, further, that whenever Available Assets is required to be determined based on the College's audited financial statements, total assets and permanently restricted net assets shall be as shown on such financial statements with such adjustments as shall be appropriate to reflect the inclusion and exclusion of the assets of any Affiliate as permitted by the preceding proviso.

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

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

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

Bond Year means a period of twelve consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

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

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

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

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

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

College means Vassar College, a corporation duly organized and existing under the laws of the State, which is an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State, or any successor thereto.

Contract Documents means any general contract or agreement for the construction of a 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 College relating to the construction of a Project, and any amendments to the foregoing.

Construction Fund means the fund so designated, created and established for a Project pursuant to the Resolution.

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

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

Credit Facility means an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement issued or extended by 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, a saving and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, 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, pursuant to which the Authority is entitled to obtain money to pay the principal or Redemption Price of Bonds due in accordance with their terms of redemption or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption in accordance with the Resolution and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, relating thereto whether or not the Authority is in default under the Resolution.

Debt means indebtedness for borrowed money, whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, or the guarantee of indebtedness for borrowed money, including

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indebtedness under purchase money mortgages, capital leases, installment sales contracts and similar security arrangements which appear as debt on the audited balance sheet of the College.

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

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

Exempt Obligation means (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services, (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of, or interest on any of the foregoing and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

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 wholly comprised of any of the foregoing obligations.

General Liabilities means the total liabilities of the College and its Affiliates; provided, however, that such total liabilities shall not include any liabilities of an Affiliate for which the College is not legally obligated notwithstanding that such total liabilities are combined or consolidated with those of the College for financial accounting purposes; provided, further, that whenever General Liabilities is required to be determined based on the College's audited financial statements, total liabilities of the College shall be as shown on financial statements with such adjustments as shall be appropriate to reflect the inclusion and exclusion of liabilities of any Affiliate as permitted by the preceding proviso.

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 wholly comprised of any of the foregoing obligations.

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

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

Lien means any mortgage, pledge, lien, charge, security interest or lease in the nature thereof (including any conditional sale agreement, equipment trust agreement or other title retention agreement) or other encumbrance of whatsoever nature.

Liquidity Facility means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by 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 and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, 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, pursuant to moneys may be obtained upon the terms and conditions contained therein for the purchase or redemption of Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

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Loan Agreement means the Loan Agreement, dated as of February 28, 2007, by and between the Authority and the College, in connection with the issuance of Bonds, as the same shall be amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement.

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

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

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

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

Paying Agent means, with respect to the Bonds of any Series, 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 the 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 Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; or

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

Permitted Investments means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

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

(vii) A share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

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

Provider means generally, the issuer of a Credit Facility or a Liquidity Facility.

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

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

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

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

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

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

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

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

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

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.

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 Bond.

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

Resolution means the Authority's Vassar College Revenue Bond Resolution, adopted by the Authority on February 28, 2007, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

Restricted Property means any of the College's assets.

Revenues means all payments received or receivable by the Authority that pursuant to the Loan Agreement are required to be paid to the Trustee (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).

Securities means (i) any coin or currency of the United States of America which is legal tender for the payment of public and private debts, (ii) common or preferred stock, notes, bonds and debentures, (iii) interests in unit investment trusts, mutual funds, hedge funds, limited partnerships, limited liability companies acquired as an investment, and (iv) other investment agreements and investment property, that (A) in each case, are traded over-the-counter or on a national stock or other exchange or for which there is an active market for the purchase and sale or (B) in case of Securities described in clauses (iii) and (iv) above, may, at the option of the College, be redeemed, put to a Qualified Financial Institution for purchase, or otherwise liquidated not less frequently than once each calendar year.

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

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

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

Short Term Debt means, Outstanding Option Bonds or Debt of the College, other than debt of the College incurred to the Authority, (i) which Debt is payable upon demand, (ii) twenty percent (20%) or more of the original principal amount of which Debt is payable in any Bond Year prior to the Bond Year during which Bonds are no longer Outstanding, or (iii) the principal amount of which is payable prior to maturity at the option of the holder thereof (other than upon acceleration upon an event of default) prior to the Bond Year during which Bonds are no longer Outstanding, including any note, bond, debenture or other evidence of indebtedness of the College which may be tendered to the College at the option of the holder thereof for purchase, payment or redemption prior to maturity; *provided, however*, that such term shall not include Debt less than twenty percent (20%) of the original principal amount of which is payable during each of the then current and the immediately succeeding two (2) Bond Years and Debt which is not payable prior to maturity at the option of the holder thereof during the then current or either of the immediately succeeding two (2) Bond Years.

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

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

(ii) when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating to such Bonds, 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

Appendix A

Variable Interest Rate Bonds are deemed to be Bonds entitled to such Sinking Fund Installment.

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

State means the State of New York.

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

Tax Certificate means a certificate of the Authority including all appendices, schedules and exhibits thereto, executed in connection with a Series of Bonds relating to the arbitrage and the provisions of Section 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 the Bonds so designated in a Series Resolution or a Bond Series Certificate and payable from Sinking Fund Installments.

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

Valuation Date means (i) with respect to any Capital Appreciation Bond, each date set forth in the Series Resolution authorizing such Capital Appreciation Bond or in the Bond Series Certificate relating to such Bond on which 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 a Bond Series Certificate relating to such Bonds and which shall be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or a Bond Series Certificate; *provided, however*, that 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 note shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

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

**FINANCIAL STATEMENTS
OF
VASSAR COLLEGE
AND
REPORT OF INDEPENDENT AUDITORS**

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Report of Independent Auditors

To the Board of Trustees
Vassar College

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Vassar College ("Vassar") at June 30, 2006 and 2005, 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. These financial statements are the responsibility of Vassar's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As further noted in Note 8 to the financial statements, Vassar applied the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 47 and changed its method of accounting for conditional asset retirement obligations.

PricewaterhouseCoopers LLP

Albany, New York
September 29, 2006

Vassar College
Statements of Financial Position
June 30, 2006 and 2005

	2006	2005
Assets		
Cash and cash equivalents	\$ 14,105,146	\$ 19,624,055
Accounts receivable, net		
Student accounts receivable	374,576	166,160
Student loans receivable	2,606,038	2,632,568
Grants receivable	158,499	279,997
Contributions receivable	23,600,409	9,274,251
Accrued investment income receivable	2,500,655	2,185,075
Inventories	646,036	433,426
Prepaid and other assets	9,112,555	6,824,545
Deposits held by trustee	6,001,016	5,821,671
Investments	798,187,473	728,132,789
Land, buildings and equipment, net	278,074,191	263,490,760
Total assets	<u>\$ 1,135,366,594</u>	<u>\$ 1,038,865,297</u>
Liabilities		
Accounts payable and accrued expenses	\$ 14,279,002	\$ 15,878,056
Deferred revenue and students' deposits	4,251,869	3,949,735
Refundable government loan funds	2,872,869	2,837,383
Present value of beneficiary payments	11,839,179	11,668,982
Deposits held for others	4,161,840	4,331,370
Long-term debt	76,950,000	78,200,000
Minimum pension liability	3,361,534	8,228,691
Asset retirement obligation (Note 8)	9,011,962	-
Accrued postretirement benefit obligation	19,786,692	17,696,119
Total liabilities	<u>146,514,947</u>	<u>142,790,336</u>
Net Assets		
Unrestricted	705,793,193	639,510,610
Temporarily restricted	75,251,477	67,515,524
Permanently restricted	207,806,977	189,048,827
Total net assets	<u>988,851,647</u>	<u>896,074,961</u>
Total liabilities and net assets	<u>\$ 1,135,366,594</u>	<u>\$ 1,038,865,297</u>

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

Vassar College
Statements of Activities
Year Ended June 30, 2006 and Comparative Totals for 2005

	2006			Total	2005 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Operating revenues					
Tuition and fees	\$ 84,681,366	\$ -	\$ -	\$ 84,681,366	\$ 79,178,511
Room and board	16,397,911	-	-	16,397,911	16,050,963
	101,079,277	-	-	101,079,277	95,229,474
Less: Scholarships	(25,596,302)	-	-	(25,596,302)	(24,268,311)
Net tuition, fees, room and board	75,482,975	-	-	75,482,975	70,961,163
Investment return					
Interest and dividends	12,745,729	2,184,241	-	14,929,970	15,012,960
Realized accumulated gains used to meet spending policy	23,462,314	-	-	23,462,314	18,975,919
Government grants	1,651,457	-	-	1,651,457	1,541,701
Private gifts and grants	10,214,111	2,359,613	-	12,573,724	10,027,986
Other revenue	3,610,959	-	-	3,610,959	3,789,193
Auxiliary enterprises	4,797,246	-	-	4,797,246	4,305,181
Net assets released from restrictions	3,965,173	(4,093,649)	128,476	-	-
Total operating revenues	135,929,964	450,205	128,476	136,508,645	124,614,103
Operating expenses					
Instruction	60,107,044	-	-	60,107,044	56,988,670
Research	2,918,675	-	-	2,918,675	3,675,482
Academic support	15,956,354	-	-	15,956,354	15,334,119
Student services	13,040,774	-	-	13,040,774	12,617,913
Institutional support	28,786,210	-	-	28,786,210	25,683,841
Auxiliary enterprises	17,650,871	-	-	17,650,871	19,526,431
Total operating expenses	138,459,928	-	-	138,459,928	133,826,456
Change in net assets from operations	(2,529,964)	450,205	128,476	(1,951,283)	(9,212,353)
Non-operating activities					
Private gifts	892,508	19,026,704	17,554,817	37,474,029	15,816,879
Interest and dividends	-	541,065	-	541,065	1,060,799
Adjustment for minimum pension liability	2,971,538	-	-	2,971,538	(2,795,682)
Realized and unrealized gains	73,926,741	6,961,182	282,423	81,170,346	76,829,299
Realized gains used to meet spending policy	(23,462,314)	-	-	(23,462,314)	(18,975,919)
Terminated deferred gifts	171,415	(353,746)	182,331	-	-
Gain (loss) of disposal of fixed assets	5,874,724	-	-	5,874,724	(304,956)
Changes in value of deferred gifts	-	(2,449,662)	1,574,602	(875,060)	3,013,379
Net assets released from restrictions	17,404,294	(16,439,795)	(964,499)	-	-
Change in net assets from nonoperating activities	77,778,906	7,285,748	18,629,674	103,694,328	74,643,799
Change in net assets before effect of a change in accounting principle	75,248,942	7,735,953	18,758,150	101,743,045	65,431,446
Cumulative effect of a change in accounting principle	(8,966,359)	-	-	(8,966,359)	-
Increase in net assets after cumulative effect of a change in accounting principle	66,282,583	7,735,953	18,758,150	92,776,686	65,431,446
Net assets at beginning of year	639,510,610	67,515,524	189,048,827	896,074,961	830,643,515
Net assets at end of year	\$ 705,793,193	\$ 75,251,477	\$ 207,806,977	\$ 988,851,647	\$ 896,074,961

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

Vassar College
Statements of Activities
Year Ended June 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues				
Tuition and fees	\$ 79,178,511	\$ -	\$ -	\$ 79,178,511
Room and board	16,050,963			16,050,963
	95,229,474	-	-	95,229,474
Less: Scholarships	(24,268,311)			(24,268,311)
Net tuition, fees, room and board	70,961,163	-	-	70,961,163
Investment return				
Interest and dividends	14,304,046	708,914		15,012,960
Realized accumulated gains used to meet spending policy	18,975,919			18,975,919
Government grants	1,541,701			1,541,701
Private gifts and grants	8,987,411	1,040,575		10,027,986
Other revenue	3,789,193			3,789,193
Auxiliary enterprises	4,305,181			4,305,181
Net assets released from restrictions	2,561,671	(2,497,042)	(64,629)	-
Total operating revenues	125,426,285	(747,553)	(64,629)	124,614,103
Operating expenses				
Instruction	56,988,670			56,988,670
Research	3,675,482			3,675,482
Academic support	15,334,119			15,334,119
Student services	12,617,913			12,617,913
Institutional support	25,683,841			25,683,841
Auxiliary enterprises	19,526,431			19,526,431
Total operating expenses	133,826,456	-	-	133,826,456
Change in net assets from operations	(8,400,171)	(747,553)	(64,629)	(9,212,353)
Non-operating activities				
Private gifts	5,542,995	2,689,334	7,584,550	15,816,879
Interest and dividends	174,094	886,705		1,060,799
Adjustment for minimum pension liability	(2,795,682)			(2,795,682)
Realized and unrealized gains	69,123,138	7,706,161		76,829,299
Realized gains used to meet spending policy	(18,975,919)			(18,975,919)
Terminated deferred gifts	491,334	(491,334)		-
Loss of disposal of fixed assets	(304,956)			(304,956)
Changes in value of deferred gifts		2,901,747	111,632	3,013,379
Net assets released from restrictions	20,584,338	(20,751,278)	166,940	-
Change in net assets from nonoperating activities	73,839,342	(7,058,665)	7,863,122	74,643,799
Net increase in net assets	65,439,171	(7,806,218)	7,798,493	65,431,446
Net assets at beginning of year	574,071,439	75,321,742	181,250,334	830,643,515
Net assets at end of year	<u>\$ 639,510,610</u>	<u>\$ 67,515,524</u>	<u>\$ 189,048,827</u>	<u>\$ 896,074,961</u>

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

Vassar College
Statements of Cash Flows
Years Ended June 30, 2006 and 2005

	2006	2005
Cash flows from operating activities		
Change in net assets	\$ 92,776,686	\$ 65,431,446
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,683,636	12,129,724
Bad debt expense	73,046	-
Student loan allowance	5,704	(186,001)
(Gain) loss on disposal of fixed assets	(5,874,724)	304,956
Government loan cancellations	7,593	11,134
Present value of beneficiary payments	170,197	(3,013,379)
Investment income on life income and annuity agreements	(958,856)	(1,026,494)
Payment to beneficiaries	1,663,719	1,697,140
Accrued post-retirement benefit obligation	2,090,573	1,150,740
Non-operating contributions	(23,011,774)	(14,046,815)
Gifts in kind	(892,508)	(3,783,525)
Realized and unrealized gains on investments	(81,170,346)	(76,829,299)
Cumulative effect of change in accounting principle	8,966,359	-
Change in pension liability	(4,867,157)	3,490,738
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	(14,486,122)	2,271,121
Accrued investment income receivable	(315,581)	(58,115)
Inventories	(212,610)	(61,365)
Prepaid and other assets	(2,288,010)	(2,347,342)
Accounts payable and accrued expenses	(4,200,974)	5,971,938
Deferred revenue and students' deposits	302,134	(610,399)
Deposits held for others	(169,530)	(130,120)
Net cash used in operating activities	<u>(19,708,545)</u>	<u>(9,633,917)</u>
Cash flows from investing activities		
Purchases of land, buildings and equipment	(25,570,947)	(22,935,037)
Proceeds from sale of fixed assets	7,718,635	-
Deposits held by trustee	(179,345)	6,496,810
Proceeds from student loans collections	803,477	706,194
Student loans issued	(790,244)	(500,654)
Purchases of investments	(542,089,606)	(191,881,668)
Proceeds from sales and maturities of investments	553,205,268	206,319,905
Net cash used in investing activities	<u>(6,902,762)</u>	<u>(1,794,450)</u>
Cash flows from financing activities		
Contribution for investment in endowment	14,320,184	8,245,465
Contribution for investment in long-lived assets	6,981,731	4,945,577
Contribution for investment in life income agreements	1,709,860	855,773
Investment income on life income and annuity agreements	958,856	1,026,494
Payments to beneficiaries	(1,663,719)	(1,697,140)
Increase (decrease) in refundable government loan funds	35,486	(6,642)
Payments on long-term debt	(1,250,000)	(1,180,000)
Net cash provided by financing activities	<u>21,092,398</u>	<u>12,189,527</u>
Net (decrease) increase in cash and cash equivalents	(5,518,909)	761,160
Cash and cash equivalents, beginning of year	19,624,055	18,862,895
Cash and cash equivalents, end of year	<u>\$ 14,105,146</u>	<u>\$ 19,624,055</u>
Supplemental data		
Interest paid	\$ 4,108,994	\$ 4,178,994
noncash investing activities		
Gifts in kind	\$ 892,508	\$ 3,783,525
Purchases of capital assets included in account payable	\$ 2,601,920	\$ 3,730,859

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

Vassar College
Notes to Financial Statements
June 30, 2006 and 2005

1. Summary of Significant Accounting Policies

Organization

Vassar College (the "College") was founded in 1861 and is a coeducational, independent, liberal arts college located in Poughkeepsie, New York.

Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting.

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- *Permanently Restricted* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets. Such assets primarily include the College's permanent endowment funds.
- *Temporarily Restricted* – Net assets whose use by the College is subject to donor imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
- *Unrestricted* – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged. Contributions and investment return with donor-imposed restrictions are reported as permanently or temporarily restricted revenues and net assets. Temporarily restricted net assets are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction. Temporarily restricted contributions and investment return received and expended for the restricted purpose in the same fiscal year are recorded as unrestricted net assets. Expenses are generally reported as decreases in unrestricted net assets.

Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets upon acquisition of the assets.

Non-operating activities include contributions to be used for facilities and equipment or to be invested by the College to generate a return that will support operations. Non-operating activities also include the realized and unrealized gains/losses net of spending policy for the year, adjustment for minimum pension liability, changes in deferred gifts as well as investment income on deferred gifts and gifts to support land, buildings and equipment.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents representing operating funds include short-term, highly liquid investments with a maturity of three months or less at the time of purchase. Cash and cash equivalents are reported at cost which approximates fair value.

Vassar College
Notes to Financial Statements
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Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with realized and unrealized gains and losses included in the statement of activities. Quoted market prices are used to determine fair value for fixed income and equity investments.

In 2006 and 2005, the estimated fair value of venture capital, real estate and similar investments is based on valuations provided by the external investment managers as of March 31, adjusted for cash receipts, cash disbursements and securities distributions through June 30.

The estimated fair value of hedge fund investments is based on valuations provided by the external managers as of June 30. Valuations of non-marketable investments in partnerships are based on reports from the general partners and subject to due diligence and various monitoring activities undertaken by the College and its investment consultants.

The College believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the limited partnership investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Realized gains and losses on the sale of the College's investments are based upon the average cost of the investment. All investment transactions are recorded on a trade date basis.

Receivables

The College extends credit to students in the form of accounts receivable and loans for educational purposes.

At June 30, 2006 and 2005, student accounts receivable are net of an allowance for doubtful accounts of \$80,000 and \$59,000, and student loans receivable are net of an allowance for doubtful accounts of \$472,000 and \$467,000 for 2006 and 2005, respectively.

It is not practical to determine the fair value of student loan receivables because they are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms, and are subject to significant restrictions as to their transfer or disposition.

Contributions Receivable

At June 30, contributions receivable are estimated to be collectable as follows:

	2006	2005
Within one year	\$ 2,239,306	\$ 3,251,335
One to five years	24,035,439	6,213,015
Over five years	1,254,900	1,309,000
	<u>27,529,645</u>	<u>10,773,350</u>
Less: Present value discount	(3,395,258)	(1,082,598)
Allowance for uncollectible pledges	<u>(533,978)</u>	<u>(416,501)</u>
	<u>\$ 23,600,409</u>	<u>\$ 9,274,251</u>

Bequest intentions totaling approximately \$32,460,000 have been excluded from these amounts and are not recorded in the financial statements due to the fact that these are conditional.

Vassar College
Notes to Financial Statements
June 30, 2006 and 2005

Inventories

Inventories are valued at the lower of cost or market, based upon the first-in, first-out method. Inventory consists primarily of items used in food preparation, health services, computer related items for sale on campus, and fuel oil stores.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost, or if donated, at estimated fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Land improvements	10 years
Buildings	50 years
Building improvements	10 years
Equipment	7 years
Personal computers	4 years
Library books	10 years

Works of art, historical treasures and similar assets have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation.

Depreciation is partially funded each year by Vassar through the budget process. Remaining depreciation expense is funded through existing net assets.

The policy for recognition of asset retirement obligations was changed as of June 30, 2006, to include accruals for the estimated disposal costs of certain hazardous materials present on the College's property pursuant to our adoption of FIN 47. See Note 8.

When an asset retirement obligation is identified, the College records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as property, plant and equipment and then amortized over the estimated remaining useful life of the associated asset.

Deferred Gift Arrangements

The College's deferred gift arrangements with donors consist of irrevocable charitable remainder trusts, charitable gift annuities and pooled income funds for which the College is the remainder beneficiary. Assets held in these trusts are included in investments. Contribution revenues are recognized at the dates the trusts are established net of the liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount and other changes in the estimates of future benefits. The liability for the present value of deferred gifts is based upon actuarial estimates and assumptions regarding the duration of the arrangements and the assumed discount rate. Circumstances affecting these assumptions can change the estimate of this liability in future periods.

Workers Compensation

The College recognizes a workers compensation liability for future payments for current and prior year claims. The liability is based on estimated future payments discounted to present value.

Spending from Endowment Funds

The College has adopted a "total return" policy for endowment spending. This approach considers current yield (primarily interest and dividends) as well as the net appreciation in the market value of investments when determining a spending amount. Under this policy, the Board of Trustees establishes a spending rate which is then applied to the average market value of investments. Current yield is recorded as revenue and the difference between current yield and the spending

Vassar College
Notes to Financial Statements
June 30, 2006 and 2005

rate produces the use of realized gains spent under the total return formula. During fiscal year 2005, certain restricted endowment funds did not have sufficient accumulated unspent income or gains to fund market deficiencies and their spending allocation and permanently funded the spending allocation and market value losses from unrestricted endowment.

Endowment and Similar Funds

Included in the Statement of Financial Position under the caption of Investments are assets of the College's Endowment and Similar funds. These institutional funds are invested in perpetuity to produce income to support operations of the College. Investment guidelines are set under the direction of the Investments Committee of the Board of Trustees with the objective to enhance the real market value of the portfolio while providing a relatively predictable and growing stream of revenue to the College's operating budget. The majority of the endowment and similar funds are unitized and invested in a consolidated pool. Non-consolidated investments are invested separately. Consolidated funds are added to or withdrawn from the fund at the unit market value of the fund at the beginning of the quarter in which the transaction occurred. The Board approves, annually, a regular spending rate for the endowment. Current policy is that spending will be increased annually based on the consumer price index, lagged one year, plus 1% such that the resulting rate should not exceed 5.5% nor be less than 4.5% of the trailing 12-quarter average market value of the fund, lagged one year. In addition, the Board may approve supplemental spending from the endowment for capital renovations or additional budget support. During 2006, the Board approved supplemental spending in the amount of \$3.0 million for plant renewal, \$750,000 for interest payments, and additional funding for campaign expenses. For fiscal years 2006 and 2005, the following information is pertinent to the College's endowment and similar funds.

	<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>
Fair value of investments	\$ 741,655,000	\$ 671,354,000
Income for operations	38,392,284	33,988,879
Number of units	9,770,147	9,551,177
Market value per unit	74.44	68.33
Spending rate per unit	3.45	3.45
Yield per unit	1.42	1.46
Realized gains used to meet spending policy	23,462,314	18,975,919
Investment return	13.6%	13.6%

Internal Revenue Code status

The College has been granted tax-exempt status as a nonprofit organization under Section 501 (c)(3) of the Internal Revenue Code.

Vassar College
Notes to Financial Statements
June 30, 2006 and 2005

2. Financial Instruments

Investments

Investments consist of the following as of June 30:

	Fair Value	
	2006	2005
Short-term investments (a)	\$ 64,968,193	\$ 46,646,721
Fixed income-bonds	113,213,424	140,501,143
Marketable real estate (b)	5,585,263	5,282,264
Equity investments:		
U.S. Stocks	257,862,330	275,258,228
International Stocks	125,574,262	95,319,401
Hedge funds (c)	105,715,943	71,716,230
Real estate, oil and gas partnerships (d)	51,530,585	41,511,810
Venture capital/private placements (e)	57,918,602	49,816,902
Institutional mutual fund (f)	13,599,011	-
Balanced accounts (g)	2,071,330	1,929,306
Other	148,530	150,784
	<u>\$ 798,187,473</u>	<u>\$ 728,132,789</u>
Total	\$ 798,187,473	\$ 728,132,789

- (a) Consists of amounts temporarily invested in money market instruments, commercial paper, and cash management funds.
- (b) Consists of marketable real estate investments.
- (c) Consists of investments in various securities, including U.S. and international stocks and bonds, often through offshore fund companies.
- (d) The College is committed to advance an additional \$27,459,000 for real estate, oil, and gas investments over a 5 year period. The majority of the investment valuation in 2006 and 2005 is based upon March 31, 2006 and March 31, 2005 valuation estimates from the general partner (Note 1), respectively.
- (e) The College is committed to advance an additional \$41,663,000 for venture capital and private placement investments over a 5 year period. The investment valuation in 2006 and 2005 is based upon March 31, 2006 and March 31, 2005 valuation estimates from the general partner (Note 1), respectively.
- (f) Consists of a fund investing in commodities, including derivative securities related to commodities, and fixed income. The investment valuation in 2006 is based upon March 31, 2006 valuation estimates from the investment fund manager (Note 1).
- (g) Consists of amounts invested in equity and fixed income mutual funds.

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Notes to Financial Statements
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Total dividends, interest and realized and unrealized gains and losses reflected as both operating and non-operating activities are shown as follows:

	2006	2005
Dividends and interest available for spending	\$ 14,929,970	\$ 15,012,960
Realized gains	89,235,541	46,315,953
Unrealized (losses) gains	<u>(8,065,195)</u>	<u>30,513,346</u>
Total return	96,100,316	91,842,259
Less: Amounts allocated for spending	<u>(23,462,314)</u>	<u>(18,975,919)</u>
Net realized, unrealized gains and interest earnings	<u>\$ 72,638,002</u>	<u>\$ 72,866,340</u>

Long-Term Debt

Long-term debt consists of the following as of June 30:

	2006	2005
Industrial Development Agency of Dutchess County maturity in 2041 with interest rate of 5.35%. Principal repayments begin in 2031.	\$ 50,000,000	\$ 50,000,000
Dormitory Authority of the State of New York Revenue Bonds, Series 1995, maturing in 2025, with interest of 3.5% to 6.0%. Collateralized by pledge of tuition and fees.	<u>26,950,000</u>	<u>28,200,000</u>
	<u>\$ 76,950,000</u>	<u>\$ 78,200,000</u>

Principal maturities on all long-term debt is as follows as of June 30, 2005:

2007	\$ 1,325,000
2008	1,405,000
2009	1,475,000
2010	1,545,000
2011	1,625,000
Thereafter	<u>69,575,000</u>
	<u>\$ 76,950,000</u>

Interest expense for the years ended June 30, 2006 and 2005 was \$4,108,994 and \$4,178,994, respectively.

Management believes that the fair value of the College's long-term debt approximates \$78,089,562 based on prevailing rates available.

Vassar College
Notes to Financial Statements
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The Dormitory Authority of the State of New York Revenue Bonds and the Dutchess County Industrial Development Agency require the College to establish certain reserve funds. As of June 30, included in the caption "deposits held by trustee", are the following:

	2006	2005
Dormitory Authority of the State of New York:		
Debt Reserve Fund	\$ 1,360,567	\$ 1,356,318
Building and Equipment Reserve	1,444,125	1,398,406
Debt Reserve Fund	2,106,551	2,015,908
Dutchess County Industrial Development Agency:		
Construction Fund	1,089,773	1,051,039
	<u>\$ 6,001,016</u>	<u>\$ 5,821,671</u>

In addition, the Dormitory Authority of the State of New York requires the College to maintain certain liquidity ratios.

Line of Credit

The College maintains one line of credit for \$10,000,000 which was unused as of June 30, 2006 and 2005. As of June 30, 2006, \$949,000 in standby letters of credit were outstanding.

3. Land, Buildings and Equipment

Land, buildings and equipment consist of the following as of June 30:

	2006	2005
Land	\$ 2,007,427	\$ 2,627,516
Land improvements	8,745,503	8,695,753
Buildings and improvements	291,946,095	260,962,056
Equipment (including personal computers)	58,066,458	55,989,821
Library books	35,932,343	33,756,765
Art works and collectibles	41,368,238	40,519,983
Construction in progress	1,346,397	11,734,512
	<u>439,412,461</u>	<u>414,286,406</u>
Less: Accumulated depreciation	<u>(161,338,270)</u>	<u>(150,795,646)</u>
	<u>\$ 278,074,191</u>	<u>\$ 263,490,760</u>

Depreciation expense for the years ended June 30, 2006 and 2005 was \$12,683,636 and \$12,129,724, respectively.

The College is committed to spend \$6,571,000 in construction projects in fiscal year 2007.

4. Employee Benefits – Pension Plan

Retirement benefits for substantially all full-time employees are provided under a defined contribution program with the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). The College makes annual contributions to TIAA-CREF based on eligible employees' earnings and age. Contributions for the years ended June 30, 2006 and 2005 totaled approximately \$5,999,252 and \$5,548,885, respectively.

Vassar College
Notes to Financial Statements
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Retirement benefits for secretarial, clerical and technical employees were provided under a defined benefit plan until December 31, 1983. However, since 1984, these employees have participated in the previously described defined contribution plan through TIAA-CREF.

Retirement benefits for service, auxiliary and security employees are provided under a defined benefit plan. The College contributed \$3,950,000 in the fiscal year ending June 30, 2006, and did not make a contribution in the year ending June 30, 2005.

The following table sets forth information related to the College's defined benefit pension plan:

	Pension Benefits	
	2006	2005
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 21,899,111	\$ 18,516,763
Service cost	700,096	559,029
Interest cost	1,113,716	1,079,267
Plan amendment	1,117,208	-
Benefits paid	(1,005,396)	(1,220,832)
Actuarial (gain) loss	(2,394,365)	2,964,884
Benefit obligation at end of year	<u>\$ 21,430,370</u>	<u>\$ 21,899,111</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 13,670,420	\$ 13,778,810
Actual return on plan assets	1,453,812	1,112,442
Employer contributions	3,950,000	-
Benefits paid	(1,005,396)	(1,220,832)
Fair value of plan assets at end of year	<u>\$ 18,068,836</u>	<u>\$ 13,670,420</u>
Reconciliation of funded status and total amount recognized		
Funded status	\$ (3,361,534)	\$ (8,228,691)
Unrecognized actuarial loss	4,340,233	7,311,771
Unrecognized prior service cost	2,647,390	1,808,281
Net amount recognized at year-end	<u>\$ 3,626,089</u>	<u>\$ 891,361</u>
Additional minimum pension liability	(6,987,623)	(9,120,052)
Accrued benefit cost	<u>\$ (3,361,534)</u>	<u>\$ (8,228,691)</u>

Vassar College
Notes to Financial Statements
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	Pension Benefits	
	2006	2005
Amounts recognized in statement of financial position consist of		
Prepaid pension cost	\$ -	\$ -
Accrued pension liability	(3,361,534)	(8,228,691)
Intangible asset (included in prepaid expenses)	2,647,390	1,808,281
Accumulated other comprehensive income (included in unrestricted net assets)	4,340,233	7,311,771
Net amount recognized	<u>\$ 3,626,089</u>	<u>\$ 891,361</u>
Components of net periodic pension cost		
Service cost	\$ 700,096	\$ 559,029
Interest cost	1,113,716	1,079,267
Expected return on plan assets	(1,211,612)	(1,126,235)
Amortization of prior service cost	278,099	219,984
Recognized actuarial loss	334,973	182,995
Net periodic pension cost	<u>\$ 1,215,272</u>	<u>\$ 915,040</u>
Changes recorded in non-operative activities		
Accumulated comprehensive loss, current year	\$ 4,340,233	\$ 7,311,771
Accumulated comprehensive income, prior year	(7,311,771)	(4,516,089)
Other comprehensive (income) loss, recognized in non-operating activities	<u>\$ (2,971,538)</u>	<u>\$ 2,795,682</u>
Amount included in non-operating activities arising from a change in excess of additional minimum pension liability over intangible asset		
(Decrease) increase in additional minimum liability	\$ (2,132,429)	\$ 2,575,698
Decrease (increase) in intangible asset	(839,109)	219,984
Other comprehensive (income) loss	<u>\$ (2,971,538)</u>	<u>\$ 2,795,682</u>
Weighted-average assumptions used to determine funded status and net cost as of	June 30, 2006	June 30, 2005
Discount rate	6.00%	5.00%
Rate of compensation increase	4.00%	4.00%
Expected long-term rate of return on plan assets	8.50%	8.50%
The expected benefit payments from the Plan are as follows:		
June 30, 2007		\$ 1,139,600
June 30, 2008		1,192,500
June 30, 2009		1,237,600
June 30, 2010		1,287,500
June 30, 2011		1,333,500
Succeeding 5 years		7,429,400

The College anticipates making plan contributions of \$2,900,000 to the Plan in fiscal 2007.

Vassar College
Notes to Financial Statements
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Defined Benefit Plan Investment Policy

The Committee on investments of the Board of Trustees directs the investment of Plan assets, and the Committee has established a formal investment policy for the Plan. As stated in the Policy, the goal is to generate a long-term real rate of return of 5.5%-6.0% while sustaining moderate levels of risk. Target weightings for asset classes in the investment policy have been established based upon long-term expected real rates of return and correlation of returns as developed by the College's investment consultant and staff. These target weightings, bounded by allowable ranges, are expected to allow the Plan assets to meet its objectives over the long-term with respect to investment return, volatility, and liquidity.

Target weightings and actual rates of return for each asset class in the Plan are as follows:

Asset Mix	2006 Target	Actual June 30,	
		2006	2005
Equities	60%	65%	66%
Fixed income	30	23	32
Real estate	10	10	-
Other	-	2	2
	<u>100%</u>	<u>100%</u>	<u>100%</u>

5. Employee Benefits – Post Retirement Health Insurance

The College also provides post retirement medical benefits for certain retirees and employees. The cost of post retirement benefits is accrued as earned during an employees' service with the College. The following tables represent the post retirement plans' funded status and amounts recognized in the 2006 and 2005 financial statements. The calculations were based upon data as of July 1, 2006 and 2005 the latest available actuarial valuation date.

	Postretirement Benefits	
	2006	2005
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 24,909,469	\$ 19,094,088
Service cost	1,377,974	946,482
Interest cost	1,229,165	1,147,908
Plan participants' contributions	223,632	199,775
Retiree drug subsidy receipts	67,711	-
Special termination benefits	203,470	-
Benefits paid	(1,279,065)	(1,031,539)
Actuarial loss	3,520,988	4,552,755
Benefit obligation at end of year	<u>\$ 30,253,344</u>	<u>\$ 24,909,469</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ -	\$ -
Retiree drug subsidy receipts	67,711	-
Employer contributions	987,722	831,764
Plan participants' contributions	223,632	199,775
Benefits paid	(1,279,065)	(1,031,539)
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>

Vassar College
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	Postretirement Benefits	
	2006	2005
Reconciliation of funded status and total amount recognized		
Funded status	\$ (30,253,344)	\$ (24,909,469)
Unrecognized actuarial loss	11,402,481	8,461,122
Unrecognized prior service cost	(935,829)	(1,247,772)
Net amount recognized at year-end	<u>\$ (19,786,692)</u>	<u>\$ (17,696,119)</u>
Components of net periodic benefit cost		
Service cost	\$ 1,377,974	\$ 946,482
Interest cost	1,229,165	1,147,908
Amortization of prior service cost	(311,943)	(363,079)
Recognized actuarial loss	579,629	251,193
Net periodic benefit cost	<u>2,874,825</u>	<u>1,982,504</u>
Cost of special/contractual termination benefits	203,470	-
Total post retirement benefit cost	<u>\$ 3,078,295</u>	<u>\$ 1,982,504</u>
Reconciliation of postretirement benefit cost		
Accrued postretirement benefit obligation at prior year end	\$ (17,696,119)	\$ (16,545,379)
Net periodic postretirement cost	(2,874,825)	(1,982,504)
Special termination benefits	(203,470)	-
Net benefit payments	987,722	831,764
Accrued postretirement benefit obligation at year end	<u>\$ (19,786,692)</u>	<u>\$ (17,696,119)</u>

The estimated future benefit payments (net of retiree contributions) are:

First year	\$ 915,000
Second year	983,000
Third year	1,070,000
Fourth year	1,183,000
Fifth year	1,301,000
Next five years	8,460,000

Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement benefit plan. The assumed health care trend rates changed from an initial rate of 10% grading down to 5% over seven years for the year ended June 30, 2005 to an initial rate of 10.5% grading down to 5% over eight years for the year ended June 30, 2006.

A one-percentage-point change in the assumed health care cost trend rates would have the following effects.

	2006	2005
Effect of 1% increase in health care cost trend rate		
Change in aggregate of current service cost and interest cost	\$ 636,469	\$ 455,919
Change in accumulated postretirement benefit obligation, June 30	5,117,765	4,532,603
Effect of 1% decrease in health care cost trend rate		
Change in aggregate of current service cost and interest cost	(493,531)	(358,348)
Change in accumulated postretirement benefit obligation, June 30	(5,257,030)	(3,660,139)

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The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was reflected on December 8, 2003 assuming that the College will continue to provide a prescription drug benefit to retirees in the PPO plan that is at least actuarially equivalent to Medicare Part D and that the College will receive the federal subsidy. The liabilities shown reflect the employer subsidy.

Weighted - average assumptions used to determine funded status and net cost as of	June 30, 2006	June 30, 2005
Discount rate	6.00%	5.00%
Expected rate of return on plan assets	N/A	N/A

6. Commitments and Contingencies

Operating Leases

At June 30, 2006, minimum annual commitments under operating leases for office equipment are as follows:

2007	\$	91,389
2008		91,389
2009		88,402
2010		12,245

Litigation

In the normal course of business, the College has been named a defendant in various claims. Although there can be no assurance as to the eventual outcome of litigation in which the College has been named, in the opinion of management, such litigation will not, in the aggregate, have a material adverse effect on the College's financial position.

7. KEYSOP Program

Effective July 1, 2001, the College implemented the Vassar College Key Employee Share Option Plan, which is a nonqualified stock option plan to provide deferred compensation to certain key employees. Eligibility, vesting periods, and all other terms of the plan were determined by the Personnel and Compensation Committee of the Board of Trustees of Vassar College. In July 2001, the College purchased shares in mutual funds to match the level of options granted. No additional options have been granted since that date. The amounts representing the annual expense for vesting and the cumulative vested liability are de minimus to the financial statements.

As a result of IRS regulations issued in 2002, no further options will be issued from this plan.

8. Recently Adopted Accounting Pronouncements - Asset Retirement Obligations

In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), which was issued to provide clarity surrounding the recognition of conditional asset retirement obligations, as referred to in FASB Statement No. 143, *Accounting for Asset Retirement Obligations*. FIN 47 defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation, does not defer recognition of a liability. The obligation to perform the asset retirement activity is unconditional, and accordingly, a liability should be recognized. FIN 47 also provides guidance with respect to the criteria to be used to determine whether sufficient information exists to reasonably estimate the fair value of an asset retirement obligation. Based on the guidance in FIN 47, management of Vassar determined that sufficient information was available to reasonably estimate the fair value of known retirement obligations.

Vassar College
Notes to Financial Statements
June 30, 2006 and 2005

FIN 47 requires the initial application of the interpretation to be recognized as a cumulative effect of a change in an accounting principle. Specifically, FIN 47 requires the recognition, a cumulative effect, the cumulative accretion and accumulated depreciation for the period from the date the liability was incurred to the date of adoption of this interpretation. The liability incurred date is presumed to be the date upon which the legal requirement to perform the asset retirement activity was enacted.

Upon adoption of FIN 47 on June 30, 2006, Vassar recognized asset retirement obligations related to asbestos contamination in buildings and tank disposals and recorded a non-cash transition impact of \$8,966,359 which is reported as a cumulative effect of a change in accounting principle in the statement of activities and changes in net assets, and a liability for conditional asset retirement obligations of \$9,011,962 included in other liabilities.

The following table illustrates the effect on operating income as if this interpretation had been applied for the year ending:

	2006	2005
Change in net assets from operations, as reported	\$ (1,951,283)	\$ (9,212,353)
Less: Total depreciation and interest accretion costs	<u>(434,489)</u>	<u>(414,053)</u>
Proforma change in net assets	<u>\$ (2,385,772)</u>	<u>\$ (9,626,406)</u>

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of Projects

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

(Section 5)

Amendment of a Project; Cost Increases; Additional Bonds

A Project may be amended by the College with the prior written consent of an Authorized Officer of the Authority 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 a Project which the Authority is authorized to undertake. The College shall provide such money or an irrevocable letter of credit or other security in a form acceptable to the Authority as is required for the cost of completing a Project or portion thereof in excess of the money in the Construction Fund established for such Project.

(Section 6)

Financial Obligations of the College; General and Unconditional Obligation; Voluntary Payments

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

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

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

(c) Three days (or the preceding Business Day if such day is not a Business Day) prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such interest payment date, assuming that such Bonds will, from and after the next succeeding date on which the rates at which such Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum for such Bonds on the immediately preceding Business Day, plus one percent (1%) per annum;

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(d) On each June 10 immediately preceding each July 1 and on each December 10 immediately preceding each January 1, on which interest becomes due on Outstanding Bonds, other than Variable Interest Rate Bonds, the interest becoming due on such July 1 or January 1 interest payment date for such Bonds;

(e) On each June 10 immediately preceding each July 1 on which the principal or Sinking Fund Installments on any Outstanding Bonds becomes due, the principal and Sinking Fund Installments on the Bonds coming due on such July 1;

(f) 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;

(g) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with each Series of 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 a Series of Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to such Series of 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);

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

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

(j) Promptly upon demand by an Authorized Officer of the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds of a Series 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 of such Series;

(k) By 5:00 P.M., New York City time, on the date Option Bonds are tendered for purchase by the Holders thereof or on the date Variable Rate Bonds are subject to mandatory tender for purchase, as the case may be, the amount, in immediately available funds, required to pay the purchase price of Option Bonds or Variable Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from money to be made available pursuant to a Liquidity Facility; *provided, however*, that if such notice is given to the College by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 1:30 P.M., New York City time, on such day; *provided, further*, that, if such notice is given to the College 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

(l) Promptly upon demand by an Authorized Officer of 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.

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

The Authority directs the College, and the College agrees, to make the payments required by paragraphs (c), (d), (e), (f), (i) and (j) above directly to the Trustee for deposit and application in accordance with the Resolution, the payments required by paragraph (b) above directly to the Trustee for deposit in a Construction Fund or other fund established under the Resolution, as directed by an Authorized Officer of the Authority, the payments required by paragraphs (a), (g) and (h) above directly to the Authority and the payments required by paragraphs (k) and (l) above to or upon the order of the Authority.

Except as otherwise specifically provided for in this section, all money paid by the College to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the College's indebtedness to the Authority thereunder 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 money is applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such money has been applied to, or is held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the Resolution. Except as otherwise provided in the Resolution, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

The obligations of the College to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the College may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the College to complete a Project or the completion thereof with defects, failure of the College to occupy or use a Project, any declaration or finding that the Bonds are or any Series of Bonds 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 contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the College may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the College for, or to pay, the Costs of a Project beyond the extent of money available in the Construction Fund established for such Project.

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

An Authorized Officer of the Authority, for the convenience of the College, shall furnish to the College statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement.

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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 thereby. The College shall notify the Authority as to the amount and date of each payment made to the Trustee by the College.

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

The College, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the College, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution with respect to such Series of Bonds; *provided, however*, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the College, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds outstanding to be paid or to be deemed paid in accordance with the Resolution.

(Section 9)

Consent to Pledge and Assignment

The College consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority's rights to receive the payments required to be made pursuant to paragraphs (c), (d), (e), (f) and (i) of the provisions of the Loan Agreement summarized above under the caption "*Financial Obligations of the College; General and Unconditional Obligation; Voluntary Payments*", (ii) any or all security interests that may be granted by the College under the second paragraph of the provisions of the Loan Agreement summarized below under the caption "*Management Consultant*" and (iii) all funds and accounts established by the Resolution and pledged thereby in each case to secure any payment or the performance of any obligation of the College under the Loan Agreement or arising out of the transactions contemplated in the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The College further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this section, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to the Authority's rights (x) to receive payments required to be made pursuant to paragraphs (c), (d), (e), (f) and (i) of the provisions of the Loan Agreement summarized above under the caption "*Financial Obligations of the College; General and Unconditional Obligation; Voluntary Payments*", (y) in any security interest that may be granted by the College pursuant to the second paragraph of the provisions of the Loan Agreement summarized below under the caption "*Management Consultant*" and (z) to enforce all other obligations required to be performed by the College pursuant to the Loan Agreement. Any realization upon any pledge made or security interest that may be granted in accordance with the second paragraph of the provisions of the Loan Agreement summarized below under the caption "*Management Consultant*" shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the College pursuant thereto.

(Section 10)

Limitation on Liens

Except as otherwise provided in the provisions of the Loan Agreement summarized below under the caption “*Exempted Transactions*”, so long as Bonds shall be Outstanding, the College covenants and agrees that no Debt incurred, assumed or guaranteed by the College may be secured by Liens upon any Restricted Property without effectively providing that the College’s indebtedness under the Loan Agreement (together with, if the College so determines, any other indebtedness or obligation thereafter created that is not subordinate in right of payment to the College’s indebtedness under the Loan Agreement) shall be secured equally and ratably with or prior to all other obligations secured thereby as long as such Debt shall be so secured, except that the foregoing provisions shall not apply to:

(a) Liens to secure all or any part of the purchase price or the cost of construction of Restricted Property acquired or constructed by the College, provided (i) the Debt secured by any such Lien is non-recourse to the College, (ii) the amount of such Debt does not exceed ninety-five percent (95%) of the purchase price or the cost of construction, (iii) such Debt and related Lien are incurred at the time of or within one hundred and eighty (180) days after the acquisition or completion of construction, and (iv) such Lien relates only to the Restricted Property so acquired or constructed;

(b) Liens existing on Restricted Property at the time of acquisition of such Restricted Property by the College, provided (i) the Debt secured by any such Lien is non-recourse to the College, and (ii) the amount of such Debt does not exceed ninety-five percent (95%) of the fair market value (in the opinion of an Authorized Officer of the College) of such Restricted Property;

(c) Liens to secure Debt incurred to the Authority or to secure Bonds, bonds, notes or other obligations issued by the Authority;

(d) With the consent of the Authority, Liens upon Restricted Property, to secure obligations incurred by the College to a Facility Provider or a Counterparty in connection with a Credit Facility, Liquidity Facility or Interest Rate Exchange Agreement; and

(e) Any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (a) through (d) inclusive or of any Debt secured thereby; provided, that (i) the principal amount of Debt secured thereby shall not exceed the greater of (a) the principal amount of Debt so secured at the time of such extension, renewal or replacement, or (b) ninety-five percent (95%) of the original purchase price or cost of construction of Restricted Property, (ii) such extension, renewal or replacement Lien shall be limited to all or part of substantially the same Restricted Property to which the Lien that was extended, renewed or replaced applied (plus improvements on such Restricted Property) and (iii) in the case of any Lien referred to in the foregoing clause (a) or (b), the Debt secured thereby shall be non-recourse to the College.

(Section 12)

Exempted Transactions

Notwithstanding the provisions of the Loan Agreement, the College may incur, assume or guarantee Debt secured by Liens on Restricted Property without complying with the provisions of the Loan Agreement summarized above under the caption “*Limitation on Liens*” if:

(i) the fair market value (in the opinion of an Authorized Officer of the College) of the Restricted Property securing such Debt, together with the aggregate value (as shown on the books and records of the College upon which the most recent audited financial statements of the College are based) of all other Restricted Property of the College securing Debt (other than Restricted Property securing Debt permitted to be secured under the provisions of the Loan Agreement summarized above under the caption “*Limitation on Liens*”), does not exceed an amount equal to twenty percent (20%) (or such higher percentage as shall be consented to by an Authorized Officer of the Authority) of the College’s total assets (as shown on the most recent audited financial statements of the College); and

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(ii) the aggregate principal amount of such Debt, together with the aggregate outstanding principal amount of all other Debt secured by Liens on Restricted Property of the College (other than Debt permitted to be secured under the provisions of the Loan Agreement summarized above under the caption “*Limitation on Liens*”), does not exceed an amount equal to twenty-percent (20%) of the College’s total assets (as shown on the most recent audited financial statements of the College);

Notwithstanding the foregoing provisions of this section, in no event shall the College without the prior written consent of an Authorized Officer of the Authority, incur, assume or guarantee any Debt secured by Liens upon the College’s Securities, (other than Debt incurred to the Authority in connection with bonds, notes or other obligations of the Authority issued under a resolution of the Authority), if at the time such Lien is created, the market value, in the opinion of an Authorized Officer of the College, of the Securities securing such Debt, together with the aggregate market value of all other stocks, bonds, notes or similar securities of the College securing Debt (other than Debt incurred to the Authority in connection with bonds, notes or other obligations of the Authority issued under a resolution of the Authority) would exceed ten percent (10%) (or such higher percentage as shall be consented to by an Authorized Officer of the Authority) of (x) the value (as shown on the most recent audited financial statements of the College) of all Securities of the College less (y) one hundred ten percent (110%) of the principal amount of Bonds then Outstanding, or if at the time such Lien is created the market value (in the opinion of an Authorized Officer of the College) of Securities that are derived from gifts or bequests that are not Restricted Gifts, held as part of the College’s permanent capital, and free and clear of any lien, pledge, charge, security interest or other encumbrance or statutory, contractual or other restriction, is not at least equal to one hundred ten percent (110%) of the principal amount of Bonds then Outstanding.

(Section 13)

Financial Covenants

The College covenants that it shall maintain Available Assets that are not less than two (2) times its General Liabilities. The failure of the College to comply with such covenant shall not constitute an Event of Default if the College has complied with the provisions of the Loan Agreement summarized below under the caption “*Management Consultant*”.

The College covenants that on June 30 and December 31 of each year it will own Securities that (i) are free and clear of any pledge, lien, charge, security interest or other encumbrance, (ii) are not subject to any statutory, contractual or other restriction, and (iii) together with any unused and available amounts under a line of credit, have a market value at least equal to one hundred twenty percent (120%) of the aggregate principal amount of its outstanding Short Term Debt. In calculating the market value of Securities for the purpose of establishing compliance with this section, not more than 20% of the market value shall consist of Securities described in the clause (iii) or (iv) of the definition of Securities contained in Appendix A hereto. The failure of the College to comply with such covenant shall not constitute an Event of Default if the College has complied with the provisions of the Loan Agreement respecting the Management Consultant. For purposes of this paragraph, a “line of credit” means (A) a Liquidity Facility or (B) an unconditional bank letter of credit or another binding and enforceable agreement by a bank to make loans to or for the account of the College exclusively for the purpose of paying the principal of outstanding Short Term Debt and the tender option or purchase price of Short Term Debt that may be tendered for purchase or redemption by the holder thereof or that is subject to mandatory tender.

(Section 14)

Management Consultant

If the College fails to comply with any of the covenants contained in the provisions of the Loan Agreement summarized above under the caption “*Financial Covenants*” in any fiscal year succeeding a fiscal year in which no such failure occurred, the Authority, at its election which shall be exercised within sixty (60) days of notice of such failure, may request the College to engage, at the College’s expense, a

Management Consultant to review the fees and tuition, operations and management of the College and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the College to comply with such covenants within a reasonable period. The College shall engage a Management Consultant within sixty (60) days of such request by the Authority. Copies of the report and recommendations of the Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the College and an Authorized Officer of the College no later than one hundred twenty (120) days following the date of engagement of such Management Consultant. The Board of Trustees of the College and such Authorized Officer of the College shall each deliver to the Authority no later than sixty (60) days following the date of filing with the Authority of the report and recommendations of the Management Consultant a written report setting forth their respective comments and reaction to the report and recommendations of the Management Consultant.

If the College fails to comply with any of the covenants contained in the provisions of the Loan Agreement summarized above under the caption “Financial Covenants” in any fiscal year succeeding a fiscal year in which such failure has occurred, the College shall either (i) engage within sixty (60) days of such failure, at the College’s expense, a Management Consultant to review the fees and tuition, operations and management of the College and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the College to comply with such covenants within a reasonable period or (ii) provide security for the College’s obligations under the Loan Agreement or any Liquidity Facility and/or Credit Facility, in each case acceptable to the Authority. The College shall immediately notify an Authorized Officer of the Authority of such engagement. Copies of the report and recommendations of the Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the College and an Authorized Officer of the College no later than one hundred twenty (120) days following the date of engagement of such Management Consultant. The College shall, to the extent feasible, promptly upon its receipt of such recommendations, and subject to applicable requirements or restrictions imposed by law or regulation, revise its tuition, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with such recommendations. The College shall deliver to the Authority and the Trustee:

(i) within forty- five (45) days of receipt of such Management Consultant’s report (x) a report setting forth in reasonable detail the steps the College proposes to take to implement the recommendations of such Management Consultant, and (y) a certified copy of a resolution adopted by the Board of Trustees of the College accepting both the Management Consultant’s report and the report prepared by the College as required in clause (x) hereof.

(ii) quarterly reports demonstrating the progress made by the College in implementing the recommendations of the Management Consultant.

If the College complies in all material respects with the reasonable recommendations of the Management Consultant referred to in the second paragraph of this section, the College will be deemed to have complied with the covenants contained in the provisions of the Loan Agreement summarized above under the caption “*Financial Covenants*” for the College’s fiscal year in which the Management Consultant’s report is delivered and the College’s succeeding fiscal year.

(Section 15)

Tax-Exempt Status of the College

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

Appendix C

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.

(Section 16)

Use and Control of Projects; Restrictions on Religious Use

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

The College agrees that with respect to any 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; and *provided, further*, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit a 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 an Authorized Officer of the Authority deems necessary to determine whether any Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The College further agrees that prior to any disposition of any portion of a 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 a Project, or the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of this section an involuntary transfer or disposition of a Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 20 and 21)

Maintenance, Repair and Replacement.

The College agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Projects 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 and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Projects may be properly and advantageously conducted. The College shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Projects which may have been financed by the proceeds of the sale of Bonds provided the College substitutes for any 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 College further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Projects except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 22)

Insurance.

(a) The College shall procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by institutions providing services similar to those provided by the College. All policies of insurance required by this section shall be primary to any insurance maintained by the Authority.

(b) The College shall, with respect to each Project, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers acceptable to the Authority, the following insurance:

(i) with respect to any building the construction of which shall not have been completed (and until insurance is procured pursuant to subparagraph (ii) below), all risk builders' risk insurance against direct physical loss or damage, or with respect to the acquisition and installation of equipment or machinery, in lieu of all risk builders' risk, an installation floater on an all risk basis. The amount of such insurance shall be on a one hundred per centum (100%) completed value basis on the insurable portion;

(ii) at all times (except during a period when builders' risk insurance is in effect as required by subparagraph (i) above), all risk property insurance against direct physical loss or damage to the Project in an amount not less than one hundred per centum (100%) of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms; *provided, however*, that the inclusion of the Project under a blanket insurance policy or policies of the College insuring against the aforesaid hazards in an amount aggregating at least one hundred per centum (100%) of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions of this paragraph with respect to the Project; *provided, further*, that in any event, each such policy shall be in an amount sufficient to prevent the College and the Authority from becoming co-insurers under the applicable terms of such policy;

(iii) at all times, statutory workers' compensation insurance, covering loss resulting from injury, sickness, disability or death of employees and employer's liability insurance with limits of at least \$1,000,000 for each accident, each sickness, and aggregate occupational illness or sickness;

(iv) at all times, statutory disability benefits;

(v) at all times, commercial general liability insurance protecting the Authority and the College against loss or losses from liabilities arising from bodily injury of persons or damage to the property of others caused by accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of injury to persons or property damage with \$2,000,000 policy aggregate, excluding liability imposed upon the Authority or the College by any applicable workers' compensation law;

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(vi) commencing with the date on which the Project or any part thereof is completed or first occupied, or any equipment, machinery, fixture or personal property covered by comprehensive boiler and machinery coverage is accepted, whichever occurs earlier, insurance providing comprehensive boiler and machinery coverage in an amount considered adequate by the Authority, which insurance may include deductible provisions approved by the Authority; and

(vii) each other form of insurance which the College is required by law to provide and such other kinds of insurance in such amounts as from time to time may be reasonably required by the Authority.

(c) Any insurance procured and maintained by the Authority or the College pursuant to this section, including any blanket insurance policy, may include deductible provisions reasonably satisfactory to the Authority and the College. In determining whether or not any insurance required by this section is reasonably obtainable or if the deductible on any such insurance is a reasonable deductible, the Authority may rely solely and exclusively upon the advice and judgment of any insurance consultant chosen by the College and approved by the Authority, and any such decision by the Authority, based upon such advice and judgment, shall be conclusive.

(d) No provision of this section shall be construed to prohibit the College from self-insuring against any risk at the recommendation of any insurance consultant chosen by the College and approved by the Authority; *provided, however*, that self-insurance plans shall not cover property, plant and equipment. The College shall also cause an annual evaluation of such self-insurance plans to be performed by an independent insurance consultant. The College shall provide adequate funding of such self-insurance if and to the extent recommended by such insurance consultant and approved by the Authority.

(e) Each policy maintained pursuant to this section shall provide that the insurer writing such policy shall give at least thirty (30) days notice in writing to the Authority of the cancellation or non-renewal or material change in the policy unless a lesser period of notice is expressly approved in writing by the Authority. The College, not later than July 15 of each year, shall provide to the Authority certificate(s) of insurance describing all policies of insurance maintained as of June 30 by the College pursuant to this section stating with respect to each such policy (i) the insurer, (ii) the insured parties or loss payees, (iii) the level of coverage, and (iv) such other information as the Authority may have reasonably requested.

(f) All policies of insurance shall be open to inspection by the Authority and the Trustee or their representatives at all reasonable times. If any change shall be made in any such insurance, a description and notice of such change shall be furnished to the Authority and the Trustee at the time of such change. The College covenants and agrees not to make any change in any policy of insurance which would reduce the coverages or increase the deductible thereunder without first securing the prior written approval of the Authority.

(g) All policies of insurance maintained pursuant to this section, other than policies of workers' compensation insurance, shall include the Authority and the College, as additional insureds or as mortgagee or as loss payee as appropriate.

(h) In the event the College fails to provide the insurance required by this section, the Authority may elect at any time thereafter to procure and maintain the insurance required by this section at the expense of the College. The policies procured and maintained by the Authority shall be open to inspection by the College at all reasonable times, and, upon request of the College, a complete list describing such policies as of the June 30 preceding the Authority's receipt of such request shall be furnished to the College by the Authority.

(Section 23)

Reporting Requirements; Access to Records

The College shall furnish or cause to be furnished to the Authority, the Trustee and such other persons as the Authority may designate:

(i) if quarterly interim financial statements of the types described in clauses (1) and (2) below are at anytime prepared by the College, then within sixty (60) days after the end of each of the first three quarters of the College's fiscal year (A) a copy, if any have been prepared, of (1) the interim, comparative financial statements of the College and (2) the interim, comparative cumulative combined financial statements of the College and its Affiliates included therein, in each case including therein, without limitation, a balance sheet, a statement of changes in net assets and a statement of activities, duly certified by the chief financial officer of the College as having been prepared in accordance with generally accepted accounting principles, and, (B) either (1) a certificate of an Authorized Officer of the College to the effect that it is in compliance with its obligations under the Loan Agreement or (2) if an Event of Default hereunder, or, to the best of the College's knowledge, an event that, with the giving of notice or the passage of time, or both, would constitute such an Event of Default, has occurred and is continuing, a certificate of an Authorized Officer of the College stating the nature thereof and the action that the College or an affected Affiliate proposes to take with respect thereto;

(ii) annually, within one hundred twenty (120) days after the end of the College's fiscal year, (A) a copy of (1) the annual audited combined financial statements of the College and its Affiliates included therein for such Fiscal Year, (2) the annual audited financial statement of the College for such Fiscal Year, if separate audited financial statements for the College have been prepared for such Fiscal Year, and (3) the audited consolidated financial statements of the College and its Affiliates, if such audited consolidated statements have been prepared for such Fiscal Year, in each case including therein without limitation, a balance sheet as of the end of such Fiscal Year, a statement of changes in net assets and a statement of activities for such Fiscal Year or such other financial statements then required in accordance with generally accepted accounting principles applicable to the College, in each case audited by a firm of independent public accountants of recognized standing as may be reasonably acceptable to the Authority, (B) a copy of any management letter prepared by the auditors, (C) a certificate signed by the College's auditors either to the effect that (1) the College is in compliance with its obligations under the Loan Agreement or, that an Event of Default, or, to the best of the auditors' knowledge, an event that, with the giving of notice or the passage of time, or both, would constitute such an Event of Default, has occurred and is continuing, and, if such an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof, and (D) if such an Event of Default or such an event has occurred and is continuing, a certificate of an Authorized Officer of the College setting forth the action that the College or the affected Affiliate proposes to take with respect thereto;

(iii) within sixty (60) days after the end of the second quarter of the College's fiscal year and the end of the College's fiscal year a certificate of an Authorized Officer of the College (A) setting forth (1) the Available Assets and General Liabilities of the College as at the end of such fiscal quarter and such fiscal year, as the case may be, (2) the market value of the Securities owned by the College which comply with the requirements of the Loan Agreement and (3) the outstanding principal amount of Short Term Debt, calculated in accordance with the terms of the Loan Agreement, and further stating whether the College is in compliance with the provisions of the Loan Agreement summarized above under the caption "Financial Covenants"; and

(iv) promptly after, but in no event more than thirty (30) days after, the College either (A) incurs, issues, assumes or guarantees a Debt or any extension, renewal or replacement (or any successive extensions, renewals or replacements) that is secured by Liens on any of the College's property, whether real or personal or tangible or intangible, or (B) creates, incurs or assumes any Lien on any such property, a certificate of an Authorized Officer of the College (1) setting forth in reasonable detail the Debt or obligation then incurred, issued, assumed or guaranteed and the property subject to such Lien and (2)

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containing a statement to the effect that such Liens are permitted under the Loan Agreement and (3) setting forth in reasonable detail the calculations that are the basis of such statement.

The College shall, at any and all reasonable times and from time to time, permit the Authority and the Trustee, or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account (other than those books and records that by law must be treated as confidential) of, and visit the properties of the College and each Affiliate and to discuss the affairs, finances and accounts of the College and the Affiliate with any of their respective officers.

(Section 26)

Defaults and Remedies

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

(a) the College shall (A) default in the timely payment of any amount payable pursuant to the provisions of the Loan Agreement summarized above under the caption “*Financial Obligations of the College; General and Unconditional Obligation; Voluntary Payments*” (except as described in paragraphs (c) and (k) of such provisions) or the payment of any other amounts required to be delivered or paid by or on behalf of the College in accordance with the Loan Agreement or the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable pursuant to paragraph (c) of the provision of the Loan Agreement summarized above under the caption “*Financial Obligations of the College; General and Unconditional Obligation; Voluntary Payments*” and such default continues for a period in excess of (1) day or (C) default in the timely payment of any payment pursuant to paragraph (k) of the provision of the Loan Agreement summarized above under the caption “*Financial Obligations of the College; General and Unconditional Obligation; Voluntary Payments*”; or

(b) the College defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the College by the Authority or the Trustee, *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 College within such period and is diligently pursued until the default is corrected;

(c) as a result of any default in payment or performance required of the College or any 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 Facility Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the College shall be in default under any agreement entered into with the issuer of or in connection with a Liquidity Facility of a Credit Facility (which default has not been waived or cured) if the College’s obligations thereunder are secured by a lien upon or pledge which is equal to or prior to the lien created by the Loan Agreement or the pledge thereof made thereby and, upon such default, (i) the principal of any indebtedness thereunder may be declared to be due and payable or (ii) the lien upon or pledge may be foreclosed or realized upon;

(e) the College shall (i) be generally not paying its debts as they become due, (ii) 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, (iii) make a general assignment for the benefit of its general creditors, (iv) 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, (v) be adjudicated insolvent or be liquidated, or (vi) take corporate action for the purpose of any of the foregoing;

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

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

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

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

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

(k) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the College, which order shall remain undismissed or unstayed for the earlier of (x) three (3) Business Days prior to the date provided for in such order for such sale, disposition or distribution or (y) an aggregate of thirty (30) days from the date such order shall have been entered; or

(l) a final judgment for the payment of money which in the reasonable judgment of the Authority will materially adversely affect the rights of the Holders of the Bonds shall be rendered against the College and at any time after thirty (30) days from the entry thereof, (i) such judgment shall not have been paid or otherwise discharged, or (ii) the College shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal.

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

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

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

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

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

(e) to the extent permitted by law, (i) enter upon a Project and complete the construction of any Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Projects, all at the risk, cost and expense of the College, consent to such entry being given by the College by the Loan Agreement, (ii) at any time discontinue any work commenced in respect of the construction of any Project or change any course of action undertaken by the College and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (iii) assume any construction contract made by the College in any way relating to the construction of any Project and take over and use all or any part of the labor,

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

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

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

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

(Section 29)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the College shall have been made or provision made for the payment thereof; *provided, however*, that certain liabilities and obligations of the College under the Loan Agreement shall nevertheless survive any such termination. Upon such termination, an Authorized Officer of the Authority shall deliver such documents as may be reasonably requested by the College to evidence such termination and the discharge of its duties under the Loan Agreement, and the release or surrender of any security interests granted by the College to the Authority pursuant to the Loan Agreement.

(Section 42)

**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Contract with Bondholders

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

(Section 1.03)

Refunding Bonds and Additional Obligations

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

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

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

(Sections 2.04 and 2.05)

Pledge of Revenues

The proceeds from the sale of the Bonds, the Revenues, and all funds and accounts established by the Resolution and any Series Resolution, excluding the Arbitrage Rebate Fund and any fund established for the payment of the purchase price of Option Bonds tendered for purchase, are pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority under the Resolution and any Series Resolution, all in accordance with the provisions of the Resolution and any Series Resolution. 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 the Bonds, the Revenues and the funds and accounts established by the Resolution and any Series Resolution which are pledged thereby 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

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is created nor any financing statement need be recorded or filed. The Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of the Bonds, the Revenues and the funds and accounts established by the Resolution and are pledged thereby, which pledge shall constitute a first lien thereon.

(Section 5.01)

Establishment of Funds and Accounts

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

Construction Fund;
Debt Service Fund; and
Arbitrage Rebate Fund.

In addition to the accounts and subaccounts, if any, required to be established by the Resolution or by any Series Resolution or any Bond Series Certificate, the Authority may establish such other accounts or subaccounts as the Authority or the Trustee deems proper, necessary or desirable. All money at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by any Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the 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 or of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of the Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price of such Option Bonds.

(Section 5.02)

Application of Bond Proceeds and Allocation Thereof

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

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

(Section 5.03)

Application of Money in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, there shall be deposited in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing the issuance of such Series or the Bond Series Certificate relating to such Series. Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, money deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Projects.

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

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

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

(Section 5.04)

Deposit and Allocation of Revenues

The Revenues and any other money, which by any of the provisions of the Loan Agreement are required to be paid to the Trustee, shall upon receipt by the Trustee be deposited or paid by the Trustee as follows 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 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 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 and Variable Interest Rate Bonds 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 Resolution on or prior to the next succeeding January 1, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum and (b) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding July 1, plus accrued interest thereon to the date of purchase or redemption;

Second: To reimburse, pro rata, each Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider;

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

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Projects, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement 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.

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The Trustee shall, promptly after making the above required payments, notify the Authority and the College promptly after making the payments of any balance of Revenues then remaining on the immediately succeeding July 1. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the College, in the respective amounts set forth in such direction. Any amounts paid to the College shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(Section 5.05)

Debt Service Fund

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

- (a) the interest due and payable on all Outstanding Bonds on such interest payment date;
- (b) the principal amount due and payable on all Outstanding Bonds on such interest payment date; and
- (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds on such interest payment date.

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

Notwithstanding the first paragraph of this subdivision, the Authority may, at any time subsequent to July 1 of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money 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 to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the College and delivered to the Trustee in accordance with the 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.

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

(Section 5.06)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the College for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage

Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, money on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall, first, be applied to reimburse pro rata, each Provider for money advanced under a Credit Facility or a Liquidity Facility, including interest thereon, which is then unpaid in proportion to the respective amounts advanced by each Provider, and, then be deposited to any fund or account established under the Resolution in accordance with the directions of such Authorized Officer.

(Section 5.07)

Application of Money in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the amounts held in the Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date on which all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the College. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds, 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 each Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

Investment of Funds and Accounts

Money held under the Resolution by the Trustee, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority (which direction shall specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations, Exempt Obligations, and, with respect to the Construction Fund, any other 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..

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.

In computing the amount in any fund or account held by the Trustee under the provisions of this section, Permitted Investments shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in this section. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present

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

(Section 6.02)

Creation of Liens

Except as permitted by the 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 on the proceeds from the sale of the Bonds, the Revenues, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee or the funds and accounts established by the Resolution or by any Series Resolution which are pledged by the Resolution; *provided, however*, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created thereby is not prior 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 Revenues of equal priority with the lien created and the pledge made by the Resolution.

(Section 7.06)

Amendment of Loan Agreement

The 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 the Outstanding Bonds in any material respect unless consented to in writing by (a) the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the Holders of not less than a majority in aggregate principal amount of the Bonds of each Series so affected then Outstanding; *provided, however*, that if such amendment, change, modification, alteration, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section; *provided further*, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the College under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof.

The 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 this section, 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 this section, 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 an

amendment, change, modification, alteration, termination or waiver permitted by this section with the same effect as a consent given by the Holder of such Bonds.

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

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

(Section 7.11)

Modification and Amendment Without Consent

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, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

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

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

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

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

(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 Holders in any material respect.

(Section 9.01)

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Supplemental Resolutions Effective With Consent of Bondholders

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

(Section 9.02)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as set forth in the provision of the Resolution summarized below under the caption "*Consent of Bondholders*", (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof, or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any 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. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

(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 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 for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption to be mailed by the Authority to the Holders (but failure to mail such copy and request will not affect the validity of the Supplemental Resolution when consented to as provided below). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in the provision of the Resolution summarized above under the caption "*Powers of Amendment*" and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in this section. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such

proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders described in such certificate or certificates of the Trustee. Any consent shall be binding upon the Holder of the Bonds giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for below is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this section, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Holders of all Bonds 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, 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.

The purchasers of the Bonds of a Series, whether purchasing as underwriters or Remarketing Agent, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Resolution in the manner provided therein, with the same effect as a consent given by the Holder of such Bonds.

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution 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 and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to Bondholders either by mailing or publication shall be required.

(Section 10.03)

Events of Default

Each of the following constitutes an “event of default” under the Resolution and each Series Resolution if:

(a) Payment of the principal, Sinking Fund Installment or Redemption Price of or interest on any Bond shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

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(b) With respect to the Bonds of any Series, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof, and, as a result thereof, the interest on the Bonds of a Series shall no longer be excludable from gross income under Section 103 of the Code; or

(c) 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 or in any 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 percent (25%) in principal amount of the Outstanding Bonds, or, if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; or

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

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default (other than under paragraph (b) of the provision of the Resolution summarized above under the caption “*Event of Default*”), then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds or any Series Resolution to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under each Series Resolution (other than principal amounts payable only because of a declaration and acceleration under this section) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution, the Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this section) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default, then and in every such case, the Trustee may proceed, and, upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds or, in the case of the happening and continuance of an Event of Default described in paragraph (b) of the provision of the Resolution summarized above under the caption “*Event of Default*”, upon the written request of the Holders of not less than twenty-five percent (25%) in

principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution regarding indemnification of the Trustee), to protect and enforce its rights and the rights of the Holders of the Bonds under the laws of the State or under the Resolution or under any Series Resolution 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 any Series Resolution or in aid or execution of any power therein granted or granted under the Resolution, 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 each Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of any Series Resolution or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under any 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 and in any Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

(Section 11.04)

Priority of Payments After Default

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

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all amounts due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

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

The provisions of this section are in all respects subject to the provisions of the Resolution.

Whenever money is to be applied by the Trustee pursuant to the provisions of this section, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood

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

(Section 11.05)

Termination of Proceedings

In case any proceedings commenced by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, each Provider, the College and the Bondholders shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been commenced.

(Section 11.06)

Bondholders' Direction of Proceedings

Anything in the Resolution to the contrary notwithstanding, the Holders of a majority in principal amount of the Outstanding Bonds or in the case of an event of default described in subparagraph (b) under the heading "Event of Default" above, the Holders of a majority in principal amount of the Outstanding Bonds of the Series affected thereby shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under each Series Resolution, provided such direction shall be in accordance with law and the provisions of the Resolution and of each Series Resolution and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

(Section 11.07)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds 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, or, in the case of an event of default under paragraph (b) of the provision of the Resolution summarized above under the caption "*Event of Default*", the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds secured by the 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. Notwithstanding any other provision of the Resolution, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Defeasance

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

Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (a) in case any of such 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, (b) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee shall have received the written consent to such defeasance of each Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Provider, and (d) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by 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 (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this section in the manner provided in the Resolution. Neither the Defeasance Securities nor money deposited

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with the Trustee pursuant to this section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; *provided, however*, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be; *provided further*, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution 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 Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

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 money, or Defeasance Securities and money, if any, in accordance with clause (b) of the preceding paragraph, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (b) of the preceding paragraph, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Option Bonds shall be deemed to have been paid in accordance with the second paragraph of this section only if, in addition to satisfying the requirements of clauses (a) and (c) above, there shall have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Trustee pursuant to the second paragraph of this section, 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. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee, after such date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall look only to the Authority for payment of such Bonds; *provided, however*, that, before being required to make any such payment to the Authority, the Trustee may, at the expense of the Authority cause to be published in an Authorized Newspaper a notice that such money 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 money then unclaimed shall be returned to the Authority.

(Section 12.01)

Tax Exemption; Rebates

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds of such Series as the Authority may designate, the Authority shall comply with the provisions of the Code applicable to the Bonds of such Series, including without limitation the provisions of the Code relating to the computation of the yield on investments of the “gross proceeds” of the Bonds of such Series, as such term is defined in the Code, reporting of earnings on such gross proceeds of the Bonds of such Series, and rebates of earnings on such gross proceeds to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the Tax Certificate with respect to such Series of Bonds and with such written instructions as may be provided by Bond Counsel or a special tax counsel.

The Authority shall not take any action or fail to take any action, which would cause the Bonds of such Series to be “arbitrage bonds” within the meaning of Section 148(a) of the Code; nor shall any part of the proceeds of the Bonds of such Series to acquire any securities or obligations the acquisition of which would cause any Bond of such Series to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

The Authority shall not use or permit the use of any part of the proceeds of the Bonds of such Series in a manner which would cause the Bonds of such Series to be “private activity bonds” within the meaning of Section 141(a) of the Code, other than “qualified 501(c)(3) bonds” within the meaning of Section 141(e)(1)(G) of the Code that meet the requirements of Sections 146 and 147 of the Code.

The Authority shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds of such Series pursuant to Section 148(f) of the Code from amounts on deposit in the Arbitrage Rebate Fund and available therefor.

(Section 5.01, Series 2007 Resolution)

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**FORM OF APPROVING OPINION
OF BOND COUNSEL**

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**FORM OF APPROVING OPINION OF BOND COUNSEL
RELATING TO THE SERIES 2007 BONDS**

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April , 2007

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$125,455,000 aggregate principal amount of Vassar College Revenue Bonds, Series 2007 (the “Series 2007 Bonds”), by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”).

The Series 2007 Bonds are issued under and pursuant to the Act and the Vassar College Revenue Bond Resolution of the Authority, adopted February 28, 2007 (the “Resolution”), and the Vassar College Series 2007A Resolution Authorizing Series 2007A Bonds, adopted February 28, 2007 (the “Series 2007 Resolution”). Said resolutions are herein collectively called the “Resolutions.” Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Resolutions.

The Series 2007 Bonds are part of an issue of bonds of the Authority (the “Bonds”) which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount, except as provided in the Resolutions or as may be limited by law. The Series 2007 Bonds are being issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue Bonds, in addition to the Series 2007 Bonds, only upon the terms and conditions set forth in the Resolution and such Bonds, when issued, will with the Series 2007 Bonds be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

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The Series 2007 Bonds are dated their date of delivery, mature on July 1 in each of the years and respective principal amounts and bear interest, payable July 1, 2007 and semiannually thereafter on January 1 and July 1 at the respective rates per annum set forth below:

<u>July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2008	\$1,460,000	4.00%	2019	\$ 815,000	4.00%
2009	1,515,000	4.00	2020	850,000	4.00
2010	1,575,000	4.00	2021	885,000	4.10
2011	1,645,000	5.00	2022	1,190,000	4.125
2012	1,730,000	5.00	2023	1,245,000	4.125
2013	1,815,000	5.00	2024	1,290,000	4.20
2014	1,905,000	5.00	2025	1,350,000	4.20
2015	2,005,000	5.00	2032	10,505,000	4.25
2016	735,000	4.00	2039	37,070,000	4.25
2017	755,000	4.00	2046	54,330,000	5.00
2018	785,000	4.00			

The Series 2007 Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or any integral multiples thereof. The Series 2007 Bonds are numbered consecutively from one upward in order of issuance.

The Series 2007 Bonds are subject to redemption or purchase prior to maturity as provided in the Resolutions and in the Bond Series Certificate.

The Series 2007 Bonds are being issued to finance a loan by the Authority to Vassar College (the "College"). The Authority and the College have entered into a Loan Agreement, dated as of February 28, 2007 (the "Loan Agreement"), by which the College is required to make payments sufficient to pay, when due, the principal and Redemption Price of and interest on the Outstanding Bonds, including the Series 2007 Bonds as well as a part of the Authority's annual administrative expenditures and costs. All amounts payable under the Loan Agreement for payment of the principal or Redemption Price of or interest on the Bonds are required to be paid to the Trustee under the Resolution and have been pledged by the Authority for the benefit of the Holders of the Bonds, including the Series 2007 Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2007 Bonds thereunder.

2. The Series 2007 Resolution has been duly adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2007 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2007 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions and are entitled, together with all other Bonds issued under the Resolutions, to the equal benefits of the Resolutions and the Act.

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

5. The Internal Revenue Code of 1986, as amended (the “Code”) sets forth certain requirements that must be met subsequent to the issuance and delivery of the Series 2007 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2007 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2007 Bonds. The Authority has covenanted in the Series 2007 Resolution and the Tax Certificate as to Arbitrage and the Provisions of Sections 141–150 of the Internal Revenue Code (the “Tax Certificate”) and the College has covenanted in the Loan Agreement and the Tax Certificate to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2007 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the College have made certain representations and certifications in the Tax Certificate. We have also relied on the opinion of counsel to the College as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law and assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2007 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Interest on the Series 2007 Bonds is exempt, by virtue of the Act, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2007 Bonds maturing July 1, 2019 through July 1, 2025, inclusive, July 1, 2032, and July 1, 2039 (collectively, the “Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the

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same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

Except as stated in the preceding four paragraphs, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Series 2007 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2007 Bonds, or the interest thereon, if any action is taken with respect to the Series 2007 Bonds or the proceeds thereof upon the advice or approval of other counsel.

We have examined an executed Series 2007 Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2007 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

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

Very truly yours,