



**\$4,825,000**  
**DORMITORY AUTHORITY**  
**OF THE STATE OF NEW YORK**  
**SUFFERN FREE LIBRARY**  
**REVENUE BONDS, SERIES 2012**

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

**Payment and Security:** The Suffern Free Library Revenue Bonds, Series 2012 (the "Series 2012 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable solely from and secured by a pledge of certain payments to be made under the Loan Agreement (the "Loan Agreement") dated as of May 23, 2012 between Suffern Free Library (the "Library") and the Authority, and all the funds and accounts (except the Arbitrage Rebate Fund) authorized under the Authority's Suffern Free Library Revenue Bond Resolution, adopted May 23, 2012 (the "Resolution") and established under the Authority's Series Resolution Authorizing Up To \$6,000,000 Suffern Free Library Revenue Bonds, Series 2012, adopted May 23, 2012 (the "Series 2012 Resolution").

The Loan Agreement is a general obligation of the Library and requires the Library to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2012 Bonds, as such payments become due. The obligations of the Library under the Loan Agreement are secured by a pledge of the revenues of the Library, including real property tax assessments on all non-exempt real property located in the Ramapo Central School District (the "School District"), Rockland County, New York (the "County") for Library purposes.

**The Series 2012 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 2012 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due January 1, 2013 and each July 1 and January 1 thereafter) on the Series 2012 Bonds will be payable by check or draft mailed to the registered owners thereof. Principal and Redemption Price of the Series 2012 Bonds will be payable at the principal corporate trust office of U.S. Bank National Association, New York, New York, the Trustee and Paying Agent.

The Series 2012 Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2012 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2012 Bonds, payments of the principal and Redemption Price of and interest on such Series 2012 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2012 BONDS - Book-Entry Only System".

**Redemption:** *The Series 2012 Bonds are subject to redemption and purchase in lieu of redemption prior to maturity as more fully described in this Official Statement.*

**Tax Exemption:** In the opinion of Hiscock & Barclay, LLP, Bond Counsel to the Authority, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations by the Authority and the Library, interest on the Series 2012 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Code. Such interest is, however, taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that interest on the Series 2012 Bonds is exempt under existing laws from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York and the City of Yonkers). See "PART 10 - TAX MATTERS" herein regarding certain other tax considerations.

*The Series 2012 Bonds are offered when, as and if issued and received by the Underwriter. The offer of the Series 2012 Bonds may be subject to prior sale or withdrawn or modified at any time without notice. The offer is subject to the approval of legality of the Series 2012 Bonds by Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Library by its Counsel, Orrick Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. The Authority expects to deliver the Series 2012 Bonds in definitive form in New York, New York, on or about June 27, 2012.*

**Janney Montgomery Scott**

**\$4,825,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**SUFFERN FREE LIBRARY**  
**REVENUE BONDS, SERIES 2012**

**\$4,825,000 Serial Bonds**

<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>1</sup></u>	<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>1</sup></u>
2013	\$270,000	2.000%	0.450%	649906F74	2021	\$335,000	4.000%	2.430%	649906G73
2014	270,000	2.000	0.570	649906F82	2022	345,000	4.000	2.570	649906G81
2015	275,000	3.000	0.770	649906F90	2023	360,000	3.000	2.740 <sup>2</sup>	649906G99
2016	285,000	3.000	0.920	649906G24	2024	370,000	3.000	2.890 <sup>2</sup>	649906H23
2017	290,000	3.000	1.190	649906G32	2025	355,000	3.000	3.020	649906H31
2018	300,000	3.000	1.650	649906G40	2026	365,000	3.000	3.110	649906H49
2019	310,000	4.000	1.940	649906G57	2027	375,000	3.125	3.280	649906H56
2020	320,000	4.000	2.230	649906G65					

<sup>1</sup> CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2012 Bonds. Neither the Authority nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2012 Bonds.

<sup>2</sup> Priced at stated yield to the July 1, 2022, optional redemption date at a redemption price of 100% of the principal amount of such Series 2012 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

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

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

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

The Library has reviewed the parts of this Official Statement describing the Library, the Project, the Mortgage, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. The Library will certify as of the dates of sale and delivery by the Authority of the Series 2012 Bonds that such parts of this Official Statement do not contain any untrue statements of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Library makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

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

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

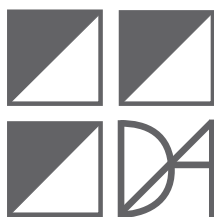
Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Authority or the Library have remained unchanged after the date of this Official Statement.

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

## TABLE OF CONTENTS

<u>Part</u>	<u>Page</u>	<u>Part</u>	<u>Page</u>
PART 1 – INTRODUCTION .....	1	Property Tax Cap Law .....	17
Purpose of the Official Statement .....	1	Real Estate Property Tax Collection Procedure .....	18
Purpose of the Issue .....	1	Ten Largest Taxpayers .....	18
Authorization of Issuance .....	1	ECONOMIC AND DEMOGRAPHIC DATA .....	19
The Authority .....	1	Population .....	19
The Library .....	1	Median Household Income .....	19
The Series 2012 Bonds .....	2	Labor and Unemployment .....	19
Payment of the Series 2012 Bonds .....	2	LITIGATION .....	20
Authorization of Project, Payment and Tax Levy .....	2	PART 5 - THE REFUNDING PLAN .....	20
Security for the Series 2012 Bonds .....	2	PART 6 – ESTIMATED SOURCES AND USES OF FUNDS .....	21
The Mortgage .....	2	PART 7 – THE AUTHORITY .....	21
PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE		Background, Purposes and Powers .....	21
SERIES 2012 BONDS .....	3	Outstanding Indebtedness of the Authority (Other than Indebtedness	
Payment of the Series 2012 Bonds .....	3	Assumed by the Authority) .....	22
Authorization of Project, Payment and Tax Levy .....	3	Outstanding Indebtedness of the Agency Assumed by the Authority .....	23
Security for the Series 2012 Bonds .....	3	Governance .....	24
The Collection Agreement .....	4	Claims and Litigation .....	28
The Mortgage .....	4	Other Matters .....	28
Events of Default and Acceleration .....	4	PART 8 – LEGALITY OF THE SERIES 2012 BONDS FOR	
General .....	5	INVESTMENT AND DEPOSIT .....	29
PART 3 – THE SERIES 2012 BONDS .....	5	PART 9 – NEGOTIABLE INSTRUMENTS .....	29
Description of the Series 2012 Bonds .....	5	PART 10 – TAX MATTERS .....	29
Redemption and Purchase in Lieu of Redemption Provisions .....	6	PART 11 – STATE NOT LIABLE ON THE SERIES 2012 BONDS .....	30
Book-Entry Only System .....	7	PART 12 – COVENANT BY THE STATE .....	30
Principal and Interest Requirements for the Series 2012 Bonds .....	9	PART 13 – LEGAL MATTERS .....	31
PART 4 – THE LIBRARY .....	10	PART 14 – UNDERWRITING .....	31
GENERAL INFORMATION .....	10	PART 15 – CONTINUING DISCLOSURE .....	31
Introduction .....	10	PART 16 – RATING .....	33
Governance and Administration .....	10	PART 17 – MISCELLANEOUS .....	33
Budgetary Procedure .....	11	Appendix A – Definitions .....	A-1
Insurance .....	12	Appendix B – Financial Statements of the	
Employees .....	12	Suffern Free Library and Independent Auditors’ Report .....	B-1
ANNUAL FINANCIAL STATEMENT INFORMATION .....	12	Appendix C – Summary of Certain Provisions	
Financial Statements and Accounting Procedures .....	12	of the Loan Agreement .....	C-1
Property Tax Revenues .....	14	Appendix D – Summary of Certain Provisions	
Net Asset History .....	15	of the Resolution .....	D-1
Outstanding Indebtedness .....	16	Appendix E – Form of Approving Opinion of	
Employee Retirement Plans .....	16	Bond Counsel .....	E-1
Other Post Employment Benefits .....	16		
TAX INFORMATION .....	16		
General Information About the School District .....	16		
Real Property Tax Assessments and Rates .....	17		

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

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

**OFFICIAL STATEMENT RELATING TO:**

**\$4,825,000**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**SUFFERN FREE LIBRARY**  
**REVENUE BONDS, SERIES 2012**

**PART 1 – INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the Library in connection with the offering by the Authority of \$4,825,000 principal amount of its Suffern Free Library Revenue Bonds, Series 2012 (the “Series 2012 Bonds”).

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

**Purpose of the Issue**

The Series 2012 Bonds are being issued (i) to refund the Authority’s Suffern Free Library Association Insured Revenue Bonds, Series 1998 (the “Refunded Bonds”); and (ii) to pay the Costs of Issuance of the Series 2012 Bonds. See “PART 5 – THE REFUNDING PLAN” and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

**Authorization of Issuance**

The Series 2012 Bonds will be issued pursuant to the Resolution, the Series 2012 Resolution and the Act. The Resolution authorizes the issuance of multiple Series of Bonds. The Series 2012 Resolution authorizes the issuance of the Series 2012 Bonds in an amount not to exceed \$6,000,000.

**The Authority**

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

**The Library**

The Library is a not-for-profit corporation duly incorporated and existing under the laws of the State and operating as a free association library chartered by the Board of Regents of the State. The Library is located in Suffern, New York, and is maintained for the benefit and free use of the residents of the Ramapo Central School District (the “School District”), Rockland County, New York. The Library has no independent taxing power and the Series 2012 Bonds will not be a debt of the School District nor will the School District be liable thereon. See “PART 4 – THE LIBRARY – GENERAL INFORMATION” and “Appendix B – Financial Statements of the Suffern Free Library and Independent Auditors’ Report.”

### **The Series 2012 Bonds**

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

### **Payment of the Series 2012 Bonds**

The Series 2012 Bonds will be special obligations of the Authority payable solely from the Revenues, which consist of certain payments to be made by the Library under the Loan Agreement. The Loan Agreement is a general obligation of the Library. Pursuant to the Resolution and the Series 2012 Resolution, the Revenues and the Authority’s right to receive the Revenues have been pledged and assigned to the Trustee. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – Payment of the Series 2012 Bonds.”

### **Authorization of Project, Payment and Tax Levy**

By a majority vote of the electorate of the School District on April 17, 1997 (the “Tax Referendum”), the Library was authorized to undertake the construction of a new library facility on a six-acre lot on Route 59, a main thoroughfare of Rockland County, New York (the “Project”). The facility was financed with proceeds from the Refunded Bonds. The Tax Referendum also provided that the Library is authorized to assign and pledge to the Authority funds in an amount sufficient to make all payments to be made by the Library to provide financing for the Project, which funds will be raised by a tax to be levied by the School District for Library purposes in annual installments on the taxable property of the School District.

### **Security for the Series 2012 Bonds**

The Series 2012 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues granted by the Library to the Authority under the Loan Agreement. The Authority’s security interest in the Pledged Revenues will be a first lien thereon. The Pledged Revenues consist primarily of moneys derived from real property tax levies made on behalf of the Library by the School District. The Real Property Tax Law governs methods and procedures to levy, collect and enforce this tax.

The Series 2012 Bonds will also be secured by all funds and accounts authorized by the Resolution and established by the Series 2012 Resolution (with the exception of the Arbitrage Rebate Fund). In the event of nonpayment by the Library under the Loan Agreement, the Authority is authorized by law to direct State and local officers including, without limitation, officers of the Town of Ramapo (the “Town”) and the School District to pay over to the Authority any and all funds owed to the Library by the State or any political subdivision thereof in an amount sufficient to make all payments required to be made under the Loan Agreement. Such funds represent a portion of the Pledged Revenues. The Library may incur debt secured by a parity lien on certain of the Pledged Revenues (excluding the portion of the Pledged Revenues representing the tax levy authorized by the Tax Referendum) with the prior written consent of the Authority. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – Security for the Series 2012 Bonds.”

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

*The Series 2012 Bonds will not be a debt of the County, the Town or the School District nor will the County, the Town or the School District be liable thereon or under the Loan Agreement.*

*The Series 2012 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power.*

### **The Mortgage**

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

Mortgage and such security interests to the Trustee. Property subject to the Mortgage may be released and the Mortgage may be amended without the consent of the Trustee or the Holders of any Series 2012 Bonds. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – The Mortgage.”

## **PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2012 Bonds and certain related covenants. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2012 Resolution, the Loan Agreement and the Mortgage. Copies of the Resolution, the Series 2012 Resolution, the Loan Agreement and the Mortgage are on file with the Authority and the Trustee. See also “Appendix C – Summary of Certain Provisions of the Loan Agreement” and “Appendix D – Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto. All references to the Debt Service Fund refer to such fund established pursuant to the Resolution and the Series 2012 Resolution.*

### **Payment of the Series 2012 Bonds**

The Series 2012 Bonds will be special obligations of the Authority. The principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2012 Bonds are payable solely from the Revenues. The Revenues consist of the required payments to be made by the Library under the Loan Agreement to satisfy the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2012 Bonds. The Revenues and the right to receive them have been pledged and assigned to the Trustee for the benefit of the Series 2012 Bondholders.

The Loan Agreement is a general obligation of the Library and obligates the Library to make payments on account of the principal, Sinking Fund Installments and Redemption Price of and interest on Outstanding Series 2012 Bonds. Such payments are to be made annually on or before December 1, in an amount equal to the interest coming due on the next two succeeding interest payment dates (January 1 and July 1) and the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the Library to pay, at least 45 days prior to a redemption date of Series 2012 Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Series 2012 Bonds. See “PART 3 – THE SERIES 2012 BONDS – Redemption and Purchase in Lieu of Redemption Provisions.”

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

### **Authorization of Project, Payment and Tax Levy**

On April 17, 1997, a referendum was held by the electorate of the School District wherein, by majority vote, the Library was authorized to undertake the construction of a new library facility and finance such construction through the Authority. The referendum authorized the School District to levy a tax on behalf of the Library in annual installments not to exceed \$590,000 per year in connection with the financing of the expansion. The referendum also authorized the Library to assign and pledge to the Authority funds in an amount sufficient to make all payments required to satisfy the Library’s obligations in connection with the expansion financing, and authorized such funds to be raised by a real property tax assessment on real property located within the School District to be levied annually by the School District for Library purposes. Upon the refunding of the Refunded Bonds, the Tax Referendum remains in effect in connection with the execution of the Loan Agreement by the Library relating to the Series 2012 Bonds.

### **Security for the Series 2012 Bonds**

The Series 2012 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues, the proceeds from the sale of the Series 2012 Bonds (until disbursed as provided in the Resolution), all funds and accounts authorized under the Resolution and established under the Series 2012 Resolution (with the exception of the Arbitrage Rebate Fund) and the Authority’s security interest in the Pledged Revenues. There will not be a Debt Service Reserve Fund established in connection with the issuance of the Series 2012 Bonds.

### *Pledged Revenues*

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

In addition, the event of nonpayment by the Library under the Loan Agreement, the Authority is authorized under the Act to direct State and local officers including without limitation, officers of the School District, to pay over to the Authority any and all funds owed to the Library by the State or any political subdivision in an amount sufficient to make all payments required to be made under the Loan Agreement.

*The Series 2012 Bonds will not be a debt of the County, the Town or the School District nor will the County, the Town or the School District be liable thereon or under the Loan Agreement.*

### **The Collection Agreement**

In connection with the issuance of the Series 2012 Bonds, the Library, the Authority, the Town, the School District and U.S. Bank National Association, as Trustee, will execute the Tax Pledge and Collection Agreement (the "Collection Agreement"). Pursuant to the Collection Agreement, the Library directs (a) the Town to collect and pay over to the School District the real property tax levies made on behalf of the Library to the School District and (b) the School District to pay over those real property taxes collected to the Trustee (the "Receipts").

The Receipts will be deposited into a separate account held by the Trustee under the Collection Agreement. The Trustee will promptly transfer such Receipts to the Debt Service Fund until the full amount of the Library's debt service obligation coming due in the succeeding year has been met. After the Trustee has transferred Receipts during such year in an amount equal to the debt service obligation for such year, the Trustee will transfer the balance of Receipts thereafter received to the Library for use by the Library.

### **The Mortgage**

In connection with the issuance of the Series 2012 Bonds, the Library will execute and deliver a Mortgage to the Authority and grant the Authority a security interest in certain fixtures, furnishings and equipment to secure the required payments to be made by the Library pursuant to the Loan Agreement. The Authority may assign its rights under the Loan Agreement and the Mortgage and its security interests to the Trustee, but has no present intention to do so. Upon the happening of an Event of Default under the Resolution (other than a covenant default by the Authority which results in the interest on the Series 2012 Bonds no longer being excludable from gross income under Section 103 of the Code), the Authority is required to assign the Mortgage and such security interest to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2012 Bonds and the Holders of the Series 2012 Bonds should not regard the Mortgage as security for payment of principal of and interest on the Series 2012 Bonds. Property subject to the Mortgage may be released, and the Mortgage may be amended without the consent of the Trustee or the Holders of any Series 2012 Bonds.

### **Events of Default and Acceleration**

The Resolution provides that events of default thereunder and under the Series 2012 Resolution constitute events of default only with respect to the Series 2012 Bonds. The following are events of default under the Resolution: (i) a default in the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on such Series 2012 Bonds; (ii) the Authority takes any action, or fails to take any action, which would cause such Series 2012 Bonds to be "arbitrage bonds" within the meaning of the Code, or fails to comply with the provisions of the Code and as a result thereof, interest on the Series 2012 Bonds becomes includable in gross income for federal income tax purposes; (iii) a default by the Authority in the due and punctual performance of any other covenant, condition, agreement or provision contained in the Series 2012 Bonds or in the Resolution or in the Series 2012 Resolution which continues



for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given at the Trustee's discretion or at the written request of Holders of not less than 25% in principal amount of outstanding Series 2012 Bonds); or (iv) an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the Library under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless all sums payable by the Library under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that if an event of default (other than as described in clause (ii) of the preceding paragraph) occurs and continues, the Trustee must, upon the written request of the Holders of not less than 25% in principal amount of the outstanding Series 2012 Bonds, declare the principal of and interest on all the Outstanding Series 2012 Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest shall become immediately due and payable.

The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of the Series 2012 Bonds then outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Holders of not less than a majority in principal amount of the outstanding Series 2012 Bonds have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee.

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

### **General**

The Series 2012 Bonds will not be a debt of the State, the County, the Town or the School District nor will the State, the County, the Town or the School District be liable thereon. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 7 – THE AUTHORITY."

## **PART 3 – THE SERIES 2012 BONDS**

### **Description of the Series 2012 Bonds**

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

The Series 2012 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2012 Bonds may be exchanged for Series 2012 Bonds of the same maturity of any other authorized denomination. The Trustee may impose a charge sufficient to reimburse the Authority or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2012 Bond.

The principal or Redemption Price of the Series 2012 Bonds will be payable at the principal corporate trust office of U.S. Bank National Association, New York, New York, the Trustee. The Redemption Price of a Series 2012 Bond will be paid to any Bondholder of \$1,000,000 or more in aggregate principal amount of Series 2012 Bonds by wire transfer to the wire transfer address, within the continental United States specified by such Bondholder in the written request of such Bondholder made to the Trustee at the time the Series 2012 Bonds to be redeemed are presented and surrendered to the Trustee.

Interest on the Series 2012 Bonds will be payable by check or draft mailed to the registered owners thereof at their addresses as shown on the registration books held by the Trustee. Interest is payable to the registered owners who are such registered owners at the close of business on the fifteenth day of the calendar month next preceding an interest payment date. In the event the Series 2012 Bonds shall no longer be issued in book-entry only form, interest will be paid to any Bondholder of \$1,000,000 or more aggregate principal amount of Series 2012 Bonds by wire transfer to the wire transfer address, within the continental United States specified by such Bondholder, upon the written request of such Holder received not less than 5 days prior to the Record Date, which written request may apply to multiple interest payment dates.

Such Bondholders may receive the Redemption Price to be paid on their Series 2012 Bonds by wire transfer at the address in the continental United States specified by such Bondholders in a written request given to the Trustee at the time presentation and surrender of the Series 2012 Bonds to be redeemed is made.

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

### **Redemption and Purchase in Lieu of Redemption Provisions**

#### *Optional Redemption*

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

#### *Special Redemption*

The Series 2012 Bonds are also subject to redemption as a whole or in part at any time at a Redemption Price of 100% of the principal amount thereof, from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project.

#### *Purchase in Lieu of Redemption*

The Series 2012 Bonds maturing on or before July 1, 2022 are not subject to purchase in lieu of redemption prior to maturity. The Series 2012 Bonds maturing after July 1, 2022, are subject to purchase in lieu of redemption prior to maturity on or after July 1, 2022, at the option of the Library with the prior written consent of the Authority, as a whole or in part at any time, at a purchase price of 100% of the principal amount to be purchased (the “Purchase Price”) plus accrued interest to the date set for purchase (the “Purchase Date”).

#### *Selection of Bonds to be Redeemed*

In the case of redemptions or purchases of the Series 2012 Bonds described above under the subheadings “*Optional Redemption*” or “*Purchase in Lieu of Redemption*,” the Authority will select the maturities of the Series 2012 Bonds to be redeemed or purchased. In the case of redemption of Series 2012 Bonds described above under the subheading “*Special Redemption*,” Series 2012 Bonds will be redeemed to the extent practicable pro rata among the Outstanding Series 2012 Bonds of each maturity, but only in integral multiples of \$5,000 within each maturity. If less than all of the Series 2012 Bonds of a maturity are to be redeemed (pursuant to an optional, special or mandatory redemption), the Series 2012 Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

#### *Notice of Redemption*

The Trustee is to give notice of the redemption of the Series 2012 Bonds in the name of the Authority given by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2012 Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2012 Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2012 Bond. If directed in writing by an Authorized Officer of the Authority, the Trustee is to publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 45 days prior to the redemption date, but such publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2012 Bonds.

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

*Notice of Purchase in Lieu of Redemption and Its Effect*

Notice of purchase of the Series 2012 Bonds in lieu of redemption will be given in the name of the Library to the registered owners of the Series 2012 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2012 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2012 Bonds to be purchased that are not so tendered, will be deemed to have been properly tendered for purchase. In the event the Series 2012 Bonds are called for purchase in lieu of redemption, such purchase shall not operate to extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2012 Bonds and such Series 2012 Bonds need not be cancelled, but shall remain Outstanding under the Resolution and in such case shall continue to bear interest.

The Library's obligation to purchase a Series 2012 Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2012 Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2012 Bonds to be purchased, the former registered owners of such Series 2012 Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2012 Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2012 Bonds in accordance with their respective terms.

In the event that not all of the outstanding Series 2012 Bonds of a maturity are to be purchased, the Series 2012 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2012 Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption, purchase in lieu of redemption and other provisions relating to the Series 2012 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

**Book-Entry Only System**

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

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

to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012 Bonds, except in the event that use of the book-entry system for such Series 2012 Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

THE AUTHORITY, THE LIBRARY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2012 BONDS (1) PAYMENTS OF PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2012 BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2012 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2012 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

So long as Cede & Co. is the registered owner of the Series 2012 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2012 Bonds (other than under “PART 10 - TAX MATTERS” herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2012 Bonds.

**Principal and Interest Requirements for the Series 2012 Bonds**

The following table sets forth the amounts required to be paid by the Library during each twelve-month period ending June 30 of the Bond Years shown for the payment of the interest on the Series 2012 Bonds payable on January 1 of such year and the principal of and interest on the Series 2012 Bonds payable on the succeeding July 1 and the aggregate payments to be made by the Library during each such period with respect to the Series 2012 Bonds.

<b>12 Month Period Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2013	\$270,000	\$154,618	\$424,618
2014	270,000	147,519	417,519
2015	275,000	142,119	417,119
2016	285,000	133,869	418,869
2017	290,000	125,319	415,319
2018	300,000	116,619	416,619
2019	310,000	107,619	417,619
2020	320,000	95,219	415,219
2021	335,000	82,419	417,419
2022	345,000	69,019	414,019
2023	360,000	55,219	415,219
2024	370,000	44,419	414,419
2025	355,000	33,319	388,319
2026	365,000	22,669	387,669
2027	375,000	11,719	386,719

## **PART 4 – THE LIBRARY GENERAL INFORMATION**

### **Introduction**

Suffern Free Library is a not-for-profit corporation duly incorporated and existing under the laws of the State operating as a free association library chartered by the Board of Regents of the State to serve the residents of the Ramapo Central School District. The Library was granted a Provisional Charter as an association library by the New York Board of Regents on June 24, 1926. The Library subsequently became a registered library with the State on June 30, 1927 and received an Absolute Charter on September 19, 1947. The Charter was updated and revised again by the Board of Regents on May 24, 1979 and again on May 17, 2005. The electorate, by vote on April 17, 1997, approved a referendum to undertake a project to purchase land and construct a new 37,000 square foot library building at 210 Lafayette Avenue (Rte 59) in Suffern, New York funded by an increase in the amount collected annually by taxation, not to exceed \$590,000 per year over a maximum period of 30 years. Construction of the new library building, which opened on April 16, 2000, was financed by the Refunded Bonds. Proceeds from the Series 2012 Bonds will be used to refund the outstanding portion of the Refunded Bonds. The referendum remains in effect in connection with the issuance of the Series 2012 Bonds.

The population of the area covered by the Library is approximately 28,600 of which over 17,000 people have library cards. The Library's collection includes 140,526 print books plus DVDs, music CDs, magazines and newspapers, local history materials, museum passes, and eReaders. In 2011, residents borrowed 536,794 items. Sixteen computers are provided for residents' use. Free internet access is available and librarians are available to offer instruction in computer use and database research. The Library offers direct and remote access to over 25 electronic databases. The Library is noted for its wide range of children, teen and adult programming. The children's department's 17 free story time sessions each week are fully subscribed often with waiting lists. In the summer of 2011, 1,100 children registered for the summer reading program. In addition to story times, the Library hosts six book discussion groups each month. In 2011, over 6,400 adults attended free programs at the Library, such as concerts, lectures, art shows, and theater.

When the meeting rooms aren't being used for Library sponsored events, the Library offers two meeting room spaces to community organizations. The Library's newsletter is posted on the Library website as well as being mailed to all households six times a year. Volunteers hold several book sales throughout the year and in 2011, raised \$35,628, much of which was used for program support and special purchases. The Library is one of 47 member libraries comprising the Ramapo Catskill Library System, which provides administrative and support services and an inter-library loan program for member libraries.

Funding for the Library is primarily derived from real property taxes levied by the School District on taxable property located within the School District's boundaries on behalf of the Library. The Library and the School District are independent entities, are governed by independent governing boards, and have independent financing power under State law. Annually, the Library's Board determines the Library's tax levy and informs the School District of that amount. The School District levies the Library's taxes as a separate line item on the same tax bill sent out by the School District to its residents. The Town of Ramapo Receiver of Taxes collects the taxes levied by the School District. Commencing each October, the School District sends the Library the Library's share of collected real property taxes collected by the Town. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – The Collection Agreement" herein. The Town receives the full amount of taxes levied and any deficiency in tax collection is ultimately the County's liability.

*The Series 2012 Bonds are not a debt of the School District, the Town, the County or the State and neither the School District, the Town, the County nor the State are liable for debt service payments due on the Series 2012 Bonds.*

### **Governance and Administration**

The Library is governed by a Board of Trustees (the "Board") consisting of nine members, all of whom are elected by the residents of the School District. Any resident of the School District who has been a resident for at least 30 days and is 18 years of age or older is eligible for membership in the Library and for election to the Board. Board members are elected for staggered three-year terms and can be re-elected without term limits. The Board meets ten times a year or more frequently as required. The Board is governed by bylaws and operates in compliance with the State's Open Meetings Law.

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

<u>Name</u>	<u>Title</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Craig H. Long	President	Police Detective	February 28, 2014
Warren E. Berbit	Vice President	Attorney	February 28, 2015
Robert F. Neff	Secretary	Retired Teacher	February 28, 2013
Mario Pensa	Treasurer	Manager of Mechanical Services	February 28, 2015
Kathy Hugh	Trustee	Consultant	February 28, 2013
Amy Mackenzie	Trustee	Teacher	February 28, 2014
Anne M. Martel	Trustee	Certified Public Accountant	February 28, 2015
Joyce Nencetti	Trustee	Retired Teacher	February 28, 2014
Paul V. Orazio	Trustee	Certified Financial Planner	February 28, 2013

Day to day operations of the Library are supervised by Ruth Bolin, who has served as the Library's Director since 1992. As Director, Ms. Bolin is responsible for the supervision of the Library's staff, the maintenance of the Library's collection, liaison to the Board, and management of the Library's budget. Her duties also include program planning, publicity and fundraising. Prior to her term as Director, Ms. Bolin served for four years as the Assistant Director of the New Rochelle Public Library in New Rochelle, New York. Ms. Bolin's experience in library services covers more than 40 years, including 19 years of service in various capacities with the Finkelstein Memorial Library in Spring Valley, New York. Ms. Bolin holds a Master of Library Science degree from Louisiana State University and a Bachelor of Arts degree in French and art history from the Wisconsin State University.

#### **Budgetary Procedure**

Annually, the Board prepares, or directs the preparation of a budget for the ensuing fiscal year, which ends on June 30<sup>th</sup>. During the months of November and December, the tentative budget is developed and refined. The tentative budget is approved by the Board at the December meeting of the Board. If an increase in the amount to be raised by taxation is deemed necessary, a request is sent to the Board of Education of the School District to schedule a budget vote to be held by the end of June, historically held in March.

Qualified voters of the School District may participate in the referendum on the proposed budget. If, by a majority, the increase in the budget is approved, the Board, by resolution, adopts the budget for the ensuing fiscal year. In the event an increase in the budget is not approved by a majority of the electorate in any year, the Library's appropriation reverts to the previous year's approved budget and tax levy. In such an event, expenses beyond ordinary contingent expenses may later be added to the budget upon subsequent voter approval. The qualified voters in the School District approved the budget for the fiscal year beginning July 1, 2012 by an approval rate of 77%. The Library's budget has been approved by its residents for each of the last 15 consecutive years.

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**Budget Summaries\***  
**Fiscal Years Ending June 30:**  
**2012**

	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>		
Villages	\$ 500	\$ 500
Real Property Taxes	2,775,588	2,831,100
Pilot Funds	9,819	9,819
Cash Grants	11,900	11,000
Fines	63,500	61,800
Interest & Earnings	15,000	11,500
Equipment Rental	1,600	1,500
Other Rentals	800	1,800
Commission	4,500	9,600
Lost Books	5,800	5,800
Gifts	6,200	5,100
Income From Endowments	115	120
Membership	9,200	8,400
Fundraising	400	650
Interfund Transfer	5,000	5,000
Application of Surplus	<u>113,748</u>	<u>114,026</u>
<b>Total Revenues</b>	<b><u>\$3,023,670</u></b>	<b><u>\$3,077,715</u></b>
<b>Expenditures:</b>		
Salaries	1,361,742	1,395,785
Benefits	281,913	288,386
Materials	369,010	364,910
Furniture & Equipment	23,830	22,910
Building & Maintenance	241,280	251,380
Operations	189,545	195,364
Other	31,850	31,480
Debt Service	<u>524,500</u>	<u>527,500</u>
<b>Total Expenditures</b>	<b><u>\$3,023,670</u></b>	<b><u>\$3,077,715</u></b>

\*Such budgets were approved by the qualified voters of the Library on March 22, 2011 and March 27, 2012, respectively.

**Insurance**

The Library maintains a comprehensive package of institutional insurance coverage. The policy coverage (both liability limits and policy scope) is periodically evaluated to ensure that appropriate coverage is maintained based upon the replacement value of existing physical library structures and an analysis of potential liabilities. At the present time, the Library has over \$6.9 million in aggregate coverage on real and personal property, including valuable papers coverage; \$2 million combined aggregate and an umbrella coverage of \$5 million; \$1 million in Directors' and Officers' liability coverage each year; \$485,851 contents, \$110,000 for computers, and \$25,000 in crime coverage.

**Employees**

The Library currently employs approximately 13 full-time and 39 part-time (27 full-time equivalent) individuals, all under the supervision of the Library's Director, of whom 16 are professionals with Master Degrees in Library Science. The Library has a history of good relations with its employees and such employees are not covered by civil service or collective bargaining agreements.

**ANNUAL FINANCIAL STATEMENT INFORMATION**

**Financial Statements and Accounting Procedures**

The financial accounts of the Library are audited annually, in accordance with auditing and accounting standards generally accepted in the United States of America, by independent auditors and are available for public inspection upon request. A copy of the Library's audited financial statements for the fiscal year ended June 30, 2011, audited by Fulton, Timmes, Frega & Straubinger, P.A., is included in Appendix B to this Official Statement. In compliance with



Securities and Exchange Commission’s Rule 15c2-12, the Library will continue to file annual financial information with the Municipal Securities Rulemaking Board.

All Library revenues are deposited into the operating fund and all current operating expenditures are made from it. Capital improvements are financed by unrestricted net assets designated by the Board to fund such improvements.

**Statement of Activities**  
**Fiscal Year Ending June 30:**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Real Property Taxes	\$ 2,439,452	\$ 2,512,341	\$ 2,592,266	\$ 2,656,827	\$ 2,720,355
Village Revenues	5,500	5,500	5,500	5,500	500
Library System Grant	8,502	9,612	11,814	7,629	7,331
Gifts and Donations	8,456	6,237	9,570	6,695	4,944
Other Grants	6,625	6,875	950	4,950	3,380
Other Income	270,337	267,184	163,233	169,829	152,456
Total Revenues	<u>2,738,872</u>	<u>2,807,749</u>	<u>2,783,333</u>	<u>2,851,430</u>	<u>2,888,966</u>
Expenditures:					
Salaries	1,123,067	1,195,829	1,241,476	1,237,567	1,344,134
Employee Benefits and Payroll Taxes	196,600	225,071	224,297	235,067	265,703
Utilities	105,916	113,636	120,482	99,789	119,399
Library Materials	420,282	438,252	440,975	421,189	425,625
Website Development	27,798		3,819	1,002	1,588
Supplies	24,834	32,559	30,957	34,205	30,109
Equipment Rental	16,441	21,439	22,658	20,087	21,796
Postage	9,181	9,990	9,300	8,620	8,175
Public Information	17,832	24,797	19,937	10,543	8,994
Insurance	25,661	23,707	27,391	26,506	23,200
Travel	7,494	4,714	6,168	5,699	8,746
Maintenance	97,156	75,003	78,472	93,866	111,712
Professional Fees	21,907	21,876	23,269	22,796	25,602
Capital	34,182	16,724	88,936	40,408	28,862
Trustees	1,267	1,093	894	2,412	2,013
Miscellaneous	4,585	2,645	2,576	2,657	3,057
Interest	333,013	324,464	315,463	306,014	295,013
Transfer to Operating Programs	256	823	252	148	
Total Expenditures	<u>2,493,170</u>	<u>2,555,484</u>	<u>2,683,343</u>	<u>2,595,042</u>	<u>2,752,935</u>
Excess (Deficiency) of Revenues					
Over Expenditures	245,702	252,265	99,990	256,388	136,031
Less: Depreciation	295,492	293,481	293,095	294,257	294,792
Plus: Capital Expenditures	(34,182)	(16,724)	(88,936)	(40,408)	(28,862)
Net Assets Beg. of Fiscal Year	3,241,584	3,225,976	3,201,484	3,097,315	3,099,854
Net Assets End of Fiscal Year	<u>\$ 3,225,976</u>	<u>\$ 3,201,484</u>	<u>\$ 3,097,315</u>	<u>\$ 3,099,854</u>	<u>\$ 2,969,955</u>

Source: Audited Financial Statements of Suffern Free Library.

**Statement of Financial Position  
Fiscal Year Ending June 30:**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>ASSETS:</b>					
Cash & Cash Equivalents	\$ 1,768,051	\$ 2,020,776	\$ 391,545	\$ 918,921	\$ 1,611,190
Short-Term Investments	546,354	332,702	1,947,735	1,435,488	730,007
Investments	55,071	73,950	60,165	73,768	88,513
Prepaid Expenses	7,578	7,462	6,436	40,490	5,902
Deposits Held By Trustee	649,389	657,215	633,890	533,563	533,485
Interfund Receivables	454,871	452,378	447,378	450,128	447,378
Miscellaneous Receivables	45,058	26,848	10,908	42,090	2,361
Land	575,000	575,000	575,000	575,000	575,000
Building	8,052,816	8,052,816	8,123,529	8,139,712	8,149,929
Equipment	208,974	225,698	224,568	248,789	267,434
Less: Accumulated Depreciation	(2,106,055)	(2,399,536)	(2,673,279)	(2,967,536)	(3,262,328)
Bond Discount	82,936	82,936	82,936	82,936	82,936
Less: Accumulated Amortization	<u>(11,310)</u>	<u>(15,079)</u>	<u>(18,849)</u>	<u>(22,619)</u>	<u>(26,389)</u>
Total Assets	<u>10,328,733</u>	<u>10,093,166</u>	<u>9,811,962</u>	<u>9,550,730</u>	<u>9,205,418</u>
<b>LIABILITIES:</b>					
Current Maturities of Long- Term Debt	200,000	210,000	220,000	230,000	240,000
Accounts Payable	5,016	3,690	46,412	4,647	26,740
Deferred Revenue	2,500	-	-	-	-
Interfund Payable	454,871	452,378	447,378	450,128	447,378
Long Term Debt	6,350,000	6,140,000	5,920,000	5,690,000	5,450,000
Bond Premium	104,639	104,639	104,639	104,639	104,639
Less: Accumulated Amortization	<u>(14,269)</u>	<u>(19,025)</u>	<u>(23,782)</u>	<u>(28,538)</u>	<u>(33,294)</u>
Total Liabilities	<u>7,102,757</u>	<u>6,891,682</u>	<u>6,714,647</u>	<u>6,450,876</u>	<u>6,235,463</u>
<b>NET ASSETS:</b>					
Unrestricted	1,707,829	1,693,106	1,623,005	1,715,957	1,581,899
Temporarily Restricted For:					
Technology	50,000	50,000	50,000	50,000	50,000
Special Projects	400,000	400,000	400,000	400,000	400,000
Capital Expenditures	955,850	948,231	921,320	825,380	815,803
Unemployment	17,350	17,765	17,941	17,989	18,076
Other	80,183	77,874	70,470	75,924	89,459
Permanently Restricted	<u>14,764</u>	<u>14,508</u>	<u>14,579</u>	<u>14,604</u>	<u>14,718</u>
Total Net Assets	<u>3,225,976</u>	<u>3,201,484</u>	<u>3,097,315</u>	<u>3,099,854</u>	<u>2,969,955</u>
Total Liabilities and Net Assets	\$ <u>10,328,733</u>	\$ <u>10,093,166</u>	\$ <u>9,811,962</u>	\$ <u>9,550,730</u>	\$ <u>9,205,418</u>

Source: Audited Financial Statements of Suffern Free Library.

### Property Tax Revenues

For the fiscal year ended June 30, 2011, the Library received 94.2% of its operating revenue from real property taxes levied and collected by the School District on all non-exempt real property situated within the School District. As part of the original bond issuance, on April 17, 1997, the electorate approved by referendum an amount not to exceed \$590,000 per year of tax revenue earmarked for debt service over a maximum period of 30 years.

The following table sets forth the Library's total revenues and real property tax revenues over the last five fiscal years and the amounts budgeted for current and upcoming fiscal years.

**Property Tax Revenue**

<b><u>Fiscal Year Ended June 30</u></b>	<b><u>Total Revenues</u></b>	<b><u>Real Property Taxes</u></b>	<b><u>Real Property Taxes to Revenues</u></b>
2007	\$2,738,872*	\$2,439,452	89.1%
2008	2,807,749*	2,512,341	89.5
2009	2,783,333*	2,592,266	93.1
2010	2,851,430*	2,656,827	93.1
2011	2,888,966*	2,720,355	94.2
2012 (Adopted Budget)	2,909,922	2,775,588	95.4
2013 (Adopted Budget)	2,963,689	2,831,100	95.5

\*Source: Audited Financial Statements of Suffern Free Library. Fiscal years 2012 and 2013 are budgeted numbers.

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

**Net Asset History**

For the fiscal year ended June 30, 2011, based on audited results, Total Revenues and other sources were \$2,888,966 and Total Expenditures and other uses were \$2,752,935, which resulted in an operating surplus before depreciation and capitalization of capital expenditures of \$136,031, Unrestricted Net Assets of \$2,031,899 and total Net Assets of \$2,969,955. Net Assets are equal to 102.8% of Total Revenues and Unrestricted Net Assets are equal to 70.3% of Total Revenues.

The following unaudited table sets forth the Library's accumulated liquid funds in Unrestricted Net Assets and the Total Net Assets for each of the last five fiscal years. The table was prepared from the Library's accounting records and information included in the audited Financial Statements. Unrestricted Net Assets consist of unrestricted cash and cash equivalents and short-term investments; they do not contain temporarily or permanently restricted funds or funds held by the Trustee in connection with the Refunded Bonds.

**Net Asset History**

<b><u>Fiscal Year Ended June 30</u></b>	<b><u>Total Revenues</u></b>	<b><u>Total Net Assets</u></b>	<b><u>Unrestricted Net Assets</u></b>	<b><u>Total Net Assets as a Percentage of Total Revenues</u></b>	<b><u>Unrestricted Net Assets as a Percentage of Total Revenue</u></b>
2007	\$2,738,872	\$3,225,976	\$2,157,829	117.8%	78.8%
2008	2,807,749	3,201,484	2,143,106	114.0	76.3
2009	2,783,333	3,097,315	2,073,005	111.3	74.4
2010	2,851,430	3,099,854	2,165,957	108.7	76.0
2011	2,888,966	2,969,955	2,031,899	102.8	70.3

### Outstanding Indebtedness

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

	<b>Outstanding Indebtedness</b>				
	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Series 1998 Bonds	\$6,550,000	\$6,350,000	\$6,140,000	\$5,920,000	\$5,690,000

### Employee Retirement Plans

The Library sponsors two defined contribution retirement plans described under §403(b) of the Internal Revenue Code, also known as tax-sheltered annuity plans, with Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF) for the benefit of its employees. Employees direct their pretax contributions to a variety of annuity and mutual fund accounts with TIAA-CREF.

The Tax Deferred Annuity (TDA) Plan is funded by elective salary deferrals, under a salary reduction agreement, up to the maximum amount contributable, as prescribed by the IRS. The TDA Plan is subject to universal availability; hence, any employee over the age of 18 can choose to participate. Future benefits from the TDA Plan will reflect the amount of a participant's voluntary salary deferral contributions plus earnings. Vesting is immediate.

The Defined Contribution (DC) Plan is funded by non-elective employer contributions. The DC Plan covers all employees who are at least 21 years old and have worked a minimum of 1,000 hours and completed one year of service or immediately if the employee has been vested in a 403(b) retirement plan at a previous employment. The Library contributes 5% of annual compensation for eligible participants on a tax-deferred basis up to the maximum amount contributable as prescribed by the IRS. Vesting is immediate.

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

#### Contributions to DC Retirement Plan

<b><u>Fiscal Year</u></b> <b><u>Ended June 30,</u></b>	<b><u>Library</u></b> <b><u>Contribution</u></b>
2007	\$32,019
2008	38,726
2009	34,605
2010	44,349
2011	55,015

The estimated employer contribution for fiscal year ending June 30, 2012 is \$58,125 and for fiscal year ending June 30, 2013 is \$61,500.

### Other Post Employment Benefits

The Library does not offer other post employment benefits to any of its past or present employees. The Library does not expect to offer such benefits in the future.

## TAX INFORMATION

### General Information About the School District

Most of the Library's revenues are derived from a tax levied upon the property in the School District. The School District consists of approximately 50 square miles situated in the western portion of Rockland County approximately 30 miles northwest of New York City. The School District encompasses approximately 40% of the Town of Ramapo, a small portion of the Town of Haverstraw, both in Rockland County, and a small portion of the Town of Tuxedo in Orange County. Assessed valuation of the School District in the Towns of Haverstraw and Tuxedo consists of State

lands of the Palisades Interstate Park Commission. The School District includes within its boundaries the incorporated villages of Hillburn, Montebello, Suffern, Sloatsburg and a portion of the villages of Wesley Hills and Airmont.

Based on statistics from the U.S. Department of Commerce, Bureau of the Census, the School District had a population estimated at 28,617 in 2010 which represented nine percent (9%) of Rockland County’s population of 311,687. For those residents that commute outside the School District for employment, a majority commute to nearby Westchester County and New York City. Since the opening of the New York State Thruway and the Tappan Zee Bridge in 1955, the area has become part of New York City’s residential suburbia. The School District is serviced by the New York State Thruway, State Route 17, Haverstraw Road (State Route 202) and Nyack Turnpike (State Route 59) as well as a system of town and country roads. The Palisades Interstate Parkway and the Garden State Parkway are within close proximity to the School District. Commuting facilities include Red and Tan bus lines, NJ Transit train lines, TAPPAN ZEEExpress bus line and Transportation of Rockland bus line. Major corporations within the School District include Avon Cosmetics and Novartis Pharmaceutical. Good Samaritan Hospital, one of two general hospitals in Rockland County, is located in Suffern. Many medical, dental professional and commercial offices and stores of wide variety are located in the School District. Commercial activity in the form of shopping centers and small retail outlets is found along the major thoroughfares. Electrical and natural gas service is provided by Orange and Rockland Utilities. Telephone service is provided by Verizon. Water is provided by the Village of Suffern, the Town of Ramapo and United Water New York. Town, village and county sewer districts provide sewage collection service. Police protection is furnished by the New York State Police, Rockland County Sheriff’s Department and local town and village police departments. Fire protection is provided by several volunteer fire departments.

**Real Property Tax Assessments and Rates**

The following table presents the real property tax assessments and rates for that portion of the School District located within the Town of Ramapo. The School District’s boundaries extend into two neighboring towns. However, the tax assessments and rates for those towns are not reflected below because the property within the School District is owned by New York State.

**Real Property Tax Assessment and Rates**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Value	\$615,736,163	\$605,416,806	\$610,854,074	\$606,487,318	\$600,802,382
Equalization Rate	12.38	12.6	13.17	14.15	14.32
Full Value	\$4,973,636,21	\$4,785,903,60	\$4,638,233,79	\$4,286,129,45	\$4,195,547,36
Total Tax Levy	\$2,512,34	\$2,592,26	\$2,656,82	\$2,720,3	\$2,775,588
Tax Rate <sup>(1)</sup>	\$4.3	\$4.5	\$4.6	\$4.8	\$5.0

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

Source: New York State Board of Real Property Services, the Town of Ramapo and the Library.

**Property Tax Cap Law**

The Library’s charter does not address or limit the amount that may be raised by the School District-wide real property tax levy for the benefit of the Library in any fiscal year. However, on June 24, 2011, the Property Tax Cap Law, as written in Chapter 97 of the NYS Laws of 2011, was signed into law. The Property Tax Cap Law establishes a limit on the annual growth of property taxes levied by local governments and school districts. It does not specifically mention libraries, however, guidance issued by the office of the State Comptroller and jointly by the State Department of Taxation and Finance and the State Department of State indicates that it is intended to cover libraries. It applies for any fiscal year commencing after January 1, 2012. The power of school districts and local governments to levy real property taxes on all taxable real property within their boundaries without limitation as to rate or amount is subject to statutory limitations pursuant to formulae set forth in the Property Tax Cap Law. The Property Tax Cap Law restricts the increase in the amount of the succeeding year’s tax levy to no more than the lesser of 2% of the prior year’s tax levy or an inflation rate as computed under the Property Tax Cap Law (but not less than 1%). The limited exceptions to the Property Tax Cap Law and the process for overriding the statutory limitations differs with school districts and local governments, respectively.

The Property Tax Cap Law does not explicitly address how association libraries affiliated with a school district which levies property tax on their behalf (such as the Library) will be treated, i.e., as a school district or as its own local government. However, the guidance noted above indicates that free association libraries such as the Library with a separate independent elected board and the authority to compel an affiliated school district or local governmental unit to impose a tax levy on behalf of such a library pursuant to Chapter 414 of the Laws of 1995 (or otherwise by special act) will be considered under the local government section. This interpretation means that association libraries, like the Library, have their own, separate tax cap, and that the mechanism to exceed the tax cap is the same as for local government. To exceed the tax cap, a library board would pass a vote by a 60% margin of trustees, then bring the proposal to a public vote. If the public approves the proposal by a simple majority (more than 50%), only then may the tax cap be exceeded.

The Library’s budget for the fiscal year beginning July 1, 2012 did not exceed the 2% tax limit. The qualified voters in the School District approved such budget by an approval rate of 77%.

**Real Estate Property Tax Collection Procedure**

The Town assesses real property in the School District. Property taxes are levied by the School District on behalf of the Library and the Town of Ramapo Receiver of Taxes collects the Library tax in the same manner as Town, County and School District taxes are collected. The School District and Library taxes are due and payable from the residents of the School District on September 1, but may be paid without penalty by September 30. The penalty added to delinquent taxes is one percent (1%) for the first month of delinquency and increases thereafter. The Town receives the full amount of taxes levied and any deficiency in tax collection for taxes levied is ultimately the County’s liability. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – The Collection Agreement.”

**Ten Largest Taxpayers**

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

**Taxable Assessments**

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> <sup>(1)</sup>
Orange & Rockland	Utility	\$15,315,359	2.54%
Novartis Pharmaceuticals	Commercial	14,835,400	2.47
State of New York	Government	13,328,608	2.22
Consolidated Edison	Utility	12,943,850	2.15
United Water	Utility	8,182,388	1.36
Millennium Pipeline	Commercial	5,912,586	0.98
Dunnigan Realty	Commercial	5,425,000	0.90
Four Hundred Rella	Commercial	4,500,000	0.75
Verizon	Utility	3,490,354	0.58
BonAire Residents	Commercial	<u>2,613,544</u>	<u>0.44</u>
		\$86,547,089	14.39%

(1) The School District’s assessed value for fiscal year 2011/12 is \$600,802,382.

Source: Town of Ramapo Assessor’s Office.

## ECONOMIC AND DEMOGRAPHIC DATA

### Population

The estimated population is approximately 28,600 within the School District. The following table presents population trends for the Town, County and State, based upon recent census data.

<b>Population Trend</b>			
<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2000	108,905	286,753	18,976,457
2010	126,595	311,687	19,378,102

Source: U.S Bureau of the Census Population Reports.

### Median Household Income

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

<b>Median Household Income</b>		
	<u>2000</u>	<u>2010*</u>
Town	\$60,352	\$68,819
County	67,971	82,534
State	51,691	55,603

Source: US Census Bureau, 2006-2010 American Community Survey.

### Labor and Unemployment

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

<b>Civilian Labor Force</b>					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Town	52,500	53,300	52,600	56,500	56,200
County	154,000	155,600	153,300	156,800	155,800
State	9,532,100	9,631,700	9,640,600	9,586,900	9,504,200

Source: New York State Department of Labor.

### Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2007	3.7%	3.7%	4.5%
2008	4.6	4.8	5.4
2009	6.5	7.0	8.3
2010	6.9	7.2	8.6
2011	6.3	6.5	8.0

### Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
March 2011	6.2%	6.5%	8.0%
April	5.9	6.0	7.6
May	6.1	6.2	7.8
June	6.5	6.7	8.0
July	6.5	6.6	8.0
August	6.2	6.4	7.7
September	6.4	6.5	7.8
October	6.1	6.2	7.7
November	6.2	6.3	7.9
December	6.3	6.5	8.0
January 2012	6.6	7.2	9.1
February	6.6	7.2	9.2
March	6.1	6.6	8.7

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

### Major Employers in the School District

<u>Name</u>	<u>Type of Business</u>	<u>Approximate Number Of Employees</u>
County of Rockland	Government	2,500
Pfizer	Pharmaceuticals	2,300
Good Samaritan Hospital	Hospital	1,750
Nyack Hospital	Hospital	1,500
Rockland Psychiatric Center	Medical	1,180
Rockland Community College	College	1,000
Nice-Pak Products	Manufacturing	900

The above employers have headquarters in or in close proximity to the School District boundaries.

Source: Department of Planning, Environment & Development.

### LITIGATION

There are no claims or actions pending or, to the knowledge of the Library’s officers and members of the Board, threatened against the Library wherein an unfavorable result would have a material adverse effect on the financial condition of the Library.

### PART 5 - THE REFUNDING PLAN

The proceeds of the Series 2012 Bonds and other available funds will be used to pay the principal, interest and redemption price of the Refunded Bonds. Such proceeds and other available funds will be sufficient to pay the interest on and the principal and redemption price of the Refunded Bonds coming due on and prior to their redemption date, which will be within 90 days of the issuance of the Series 2012 Bonds. Simultaneously with the issuance and delivery of the Series 2012 Bonds, such proceeds and other available funds will be deposited with the trustee under the resolution pursuant to which the Refunded Bonds were issued (the “Series 1998 Resolution”). At the time of such deposits, the Authority will give such trustee irrevocable instructions to give notice of the redemption of the Refunded Bonds. In the opinion of Bond Counsel, upon making such deposits with the trustee under the Series 1998 Resolution and the giving of such irrevocable instructions, the Refunded Bonds will, under the terms of the Series 1998 Resolution, be deemed to have been paid, will no longer be outstanding and the covenants, agreements and obligations



of the Authority with respect to the Refunded Bonds under the Series 1998 Resolution will be discharged and satisfied.

**PART 6 – ESTIMATED SOURCES AND USES OF FUNDS**

Estimated sources and uses of funds are as follows:

<b>Sources of Funds</b>	
Principal Amount of Series 2012 Bonds	\$ 4,825,000
Net Original Issue Premium/Discount	270,126
Library Equity Contribution	63,067
Funds Held Under Series 1998 Resolution	<u>961,469</u>
Total Sources	<u>\$ 6,119,662</u>
 <b>Uses of Funds</b>	
Deposit to the Refunding Escrow	\$ 5,854,958
Deposit to Debt Service Fund	4,735
Costs of Issuance <sup>1</sup>	217,850
Underwriter’s Discount	<u>42,119</u>
Total Uses	<u>\$ 6,119,662</u>

<sup>1</sup>Includes legal fees, Authority fee, title insurance premium and costs related to the issuance of Series 2012 Bonds.

**PART 7 – THE AUTHORITY**

**Background, Purposes and Powers**

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

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

make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

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

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

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

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

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

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

<b>Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Notes Outstanding</b>	<b>Bonds and Notes Outstanding</b>
State University of New York Dormitory Facilities.....	\$ 2,738,656,000	\$ 1,364,250,000	\$ 0	\$ 1,364,250,000
State University of New York Educational and Athletic Facilities.....	16,185,382,999	6,868,294,624	0	6,868,294,624
Upstate Community Colleges of the State University of New York.....	1,644,630,000	664,175,000	0	664,175,000
Senior Colleges of the City University of New York.....	11,126,291,762	3,693,833,213	0	3,693,833,213
Community Colleges of the City University of New York.....	2,590,993,350	547,566,787	0	547,566,787
BOCES and School Districts.....	3,279,181,208	2,439,090,000	0	2,439,090,000
Judicial Facilities.....	2,161,277,717	668,012,717	0	668,012,717
New York State Departments of Health and Education and Other.....	7,400,435,000	4,822,440,000	0	4,822,440,000
Mental Health Services Facilities.....	8,662,585,000	4,070,455,000	0	4,070,455,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	1,146,845,000	719,200,000	0	719,200,000
<b>Totals Public Programs.....</b>	<b>\$ 57,709,753,036</b>	<b>\$ 25,857,317,341</b>	<b>\$ 0</b>	<b>\$ 25,857,317,341</b>

<b>Non-Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Notes Outstanding</b>	<b>Bonds and Notes Outstanding</b>
Independent Colleges, Universities and Other Institutions.....	\$ 20,658,539,952	\$ 10,708,659,444	\$ 78,095,000	\$ 10,786,754,444
Voluntary Non-Profit Hospitals.....	15,421,259,309	7,052,570,000	0	7,052,570,000
Facilities for the Aged.....	2,030,560,000	613,645,000	0	613,645,000
Supplemental Higher Education Loan Financing Program.....	95,000,000	0	0	0
<b>Totals Non-Public Programs.....</b>	<b>\$ 38,205,359,261</b>	<b>\$ 18,374,874,444</b>	<b>\$ 78,095,000</b>	<b>\$ 18,452,969,444</b>
<b>Grand Totals Bonds and Notes.....</b>	<b>\$ 95,915,112,297</b>	<b>\$ 44,232,191,785</b>	<b>\$ 78,095,000</b>	<b>\$ 44,310,286,785</b>

#### **Outstanding Indebtedness of the Agency Assumed by the Authority**

At March 31, 2012, the Agency had approximately \$183.6 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at March 31, 2012 were as follows:

<b>Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>
Mental Health Services Improvement Facilities.....	\$ 3,817,230,725	\$ 0
<b>Non-Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 2,035,000
Insured Mortgage Programs.....	6,625,079,927	178,175,000
Revenue Bonds, Secured Loan and Other Programs.....	2,414,240,000	3,440,000
<b>Total Non-Public Programs.....</b>	<b>\$ 9,265,549,927</b>	<b>\$ 183,650,000</b>
<b>Total MCFFA Outstanding Debt.....</b>	<b>\$ 13,082,780,652</b>	<b>\$ 183,650,000</b>

## Governance

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

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

The current members of the Authority are as follows:

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

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

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

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

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

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President/Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and a member of the Board of Directors at Ronald McDonald House of New York. Previously, Mr. Jiha served as Deputy Comptroller for Pension

Investment and Public Finance in the Office of the New York State Comptroller. As the state's chief investment officer, he managed the assets of the NY Common Retirement Fund, valued at \$120 billion, and was also in charge of all activities related to the issuance of New York State general obligation bonds, bond anticipation notes, tax and revenue anticipation notes, and certificates of participation. Mr. Jiha was the Co-Executive Director of the New York State Local Government Assistance Corporation (LGAC) in charge of the sale of refunding bonds, the ratification of swap agreements, and the selection of financial advisors and underwriters. Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Earlier, Mr. Jiha served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

CHARLES G. MOERDLER, Esq., New York.

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

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

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

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and

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

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

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

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

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

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

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

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

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State’s fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State’s debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated

documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

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

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

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

PAUL W. KUTEY is the Chief Financial Officer of the Authority. Mr. Kutey oversees and directs the activities of the Office of Finance and Information Services. He is responsible for supervising the Authority's investment program, accounting functions, operation, maintenance and development of computer hardware, software and communications infrastructure; as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Previously, Mr. Kutey was Senior Vice President of Finance and Operations for AYCO Company, L.P., a Goldman Sachs Company, where his responsibilities included finance, operations and facilities management. Prior to joining AYCO Company, he served as Corporate Controller and Acting Chief Financial Officer for First Albany Companies, Inc. From 1982 until 2001, Mr. Kutey held increasingly responsible positions with PricewaterhouseCoopers, LLP, becoming Partner in 1993. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over twenty

years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

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

The position of General Counsel is currently vacant.

### **Claims and Litigation**

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

### **Other Matters**

#### *New York State Public Authorities Control Board*

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

#### *Legislation*

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

#### *Environmental Quality Review*

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

#### *Independent Auditors*

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



## **PART 8 – LEGALITY OF THE SERIES 2012 BONDS FOR INVESTMENT AND DEPOSIT**

Under State law, the Series 2012 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities of the State may limit the investment of funds of such authorities in the Series 2012 Bonds.

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

## **PART 9 – NEGOTIABLE INSTRUMENTS**

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

## **PART 10 – TAX MATTERS**

In the opinion of Bond Counsel, under existing law and assuming compliance by the Authority and the Library with certain covenants and the accuracy and completeness of certain representations of the Authority and the Library, interest on the Series 2012 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”) and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations under the Code. Such interest is, however, taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

The Code, as amended to the date hereof, imposes various requirements that must be met in order that interest on the Series 2012 Bonds will be and remain excludable from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2012 Bonds and the rebate of certain earnings in respect of such investments to the United States. Failure to comply with the requirements of the Code may cause interest on the Series 2012 Bonds to be includable in gross income for purposes of federal income tax retroactive to the date of original execution and delivery of the Series 2012 Bonds, regardless of the date on which the event causing such inclusion occurs. The Authority and the Library have covenanted in the Resolutions, Loan Agreement and Tax Compliance Agreement to comply with the requirements of the Code and have made representations in such documents addressing various matters relating to the requirements of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy of such representations made by the Authority and the Library.

Certain requirements and procedures contained or referred to in the Resolutions, Loan Agreement, the Tax Compliance Agreement and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. The opinion of Hiscock & Barclay, LLP states that such firm, as Bond Counsel, expresses no opinion as to any Series 2012 Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Hiscock & Barclay, LLP.

The Series 2012 Bonds maturing July 1, 2025 through July 1, 2027 (the “Discount Bonds”) are being sold to the initial purchasers at prices less than the stated principal amounts thereof. The difference between the stated principal amount of 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 were sold constitutes original issue discount that is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2012 Bonds. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Discount Bond and the basis of such Discount Bond acquired at such initial offering price by an initial purchaser of each Discount Bond will be increased by the amount of such accrued discount.

The Series 2012 Bonds maturing July 1, 2013 through July 1, 2024 (the “Premium Bonds”) are being sold to the initial purchasers at prices greater than the stated principal amount thereof. The Premium Bonds will be subject to

requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the initial owner of a Premium Bond may realize taxable gain upon disposition of Premium Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest that an owner of Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Prospective purchasers of the Series 2012 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2012 Bonds may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2012 Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. Interest on the Series 2012 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series 2012 Bonds and will be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Series 2012 Bonds, if other than the registered owner).

In the opinion of Bond Counsel, interest on the Series 2012 Bonds is exempt, under existing statutes, from personal income taxes of the State and its political subdivisions, as applicable. See "Appendix E – Form of Approving Opinion of Bond Counsel".

Bond Counsel's engagement with respect to the Series 2012 Bonds ends with the issuance of the Series 2012 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Bondholders regarding the tax-exempt status of the Series 2012 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2012 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2012 Bonds, and may cause the Authority, the Library or the Bondholders to incur significant expense.

#### **PART 11 – STATE NOT LIABLE ON THE SERIES 2012 BONDS**

The Act provides that notes and bonds of the Authority shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2012 Bonds shall not be a debt of the State nor shall the State be liable thereon.

#### **PART 12 – COVENANT BY THE STATE**

The Act states that the State pledges and agrees with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals 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 13 – LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2012 Bonds by the Authority are subject to the approval of Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2012 Bonds. The proposed form of such opinion is set forth in Appendix E hereto. Certain legal matters will be passed upon for the Underwriter by its Counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. Certain legal matters will be passed upon for the Library by its Counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2012 Bonds or questioning or affecting the validity of the Series 2012 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Authority to finance the Project in accordance with the provisions of the Act, the Resolution, the Series 2012 Resolution and the Loan Agreement.

### **PART 14 – UNDERWRITING**

Janney Montgomery Scott LLC has agreed, subject to certain conditions, to purchase the Series 2012 Bonds from the Authority at an aggregate purchase price of \$5,053,007.20 (which represents the par amount of the Series 2012 Bonds, less the Underwriter's discount of \$42,119.25 plus premium of \$270,126.45) and to make a public offering of Series 2012 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2012 Bonds if any are purchased.

The Series 2012 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

### **PART 15 – CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended ("Rule 15c2-12"), the Library has undertaken in a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Bondholders to provide to Digital Assurance Certification LLC ("DAC"), on behalf of the Authority as the Authority's disclosure dissemination agent, on or before 150 days after the end of each fiscal year, commencing with the fiscal year of the Library ending June 30, 2012, for filing by DAC with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 4 - THE LIBRARY" of this Official Statement (the "Annual Information"), together with the Library's annual financial statements prepared in accordance with U.S. generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with such generally accepted auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

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

The Library also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices"). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the Library, the Trustee or the Authority, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2012 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the Library has provided such information

to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the Library, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Library, the Holders of the Series 2012 Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the Library, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the Library, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority's disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information means annual information concerning the Library which consists of financial and operating data of the type included in this Official Statement for the Library, which shall include information as described in "PART 4 – THE LIBRARY" under the headings "ANNUAL FINANCIAL STATEMENT INFORMATION" (unless such information is included in the audited financial statements of the Library) and "TAX INFORMATION," relating to *valuations, tax rates and levies* similar to that set forth under the table "Real Property Tax Assessment and Rates," together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Library.

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

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the Library, the Trustee and/or the Authority, and no person, including any Holder of the Series 2012 Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the Library may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2012 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2012 Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2012 Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2012 Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 2012 Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The Continuing Disclosure Agreement may be amended or modified without consent of the Holders of the Series 2012 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2012 Bonds will be on file at the principal office of the Authority.

The Library did not timely provide certain information in the past five years that it had agreed to provide in the continuing disclosure agreement executed in connection with the Refunded Bonds, including its audited financial statements. The Library has since put in place procedures to ensure all future filings are completed in connection with the Series 2012 Bonds in accordance with the Rule 15c2-12.

#### **PART 16 – RATING**

Moody’s Investors Service (“Moody’s”) has assigned a rating of “Aa1” to the Series 2012 Bonds. Such rating reflects only the views of such rating agency and any desired explanation of the significance of such rating or any outlooks or other statements with respect thereto should be obtained from the rating agency at the following addresses: Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2012 Bonds.

#### **PART 17 – MISCELLANEOUS**

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

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

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

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

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

“Appendix A – Definitions,” “Appendix C – Summary of Certain Provisions of the Loan Agreement,” “Appendix D – Summary of Certain Provisions of the Resolution,” and “Appendix E — Form of Approving Opinion of Bond Counsel” have been prepared by Hiscock & Barclay, LLP, Albany, New York, Bond Counsel.

“Appendix B –Financial Statements of the Suffern Free Library and Independent Auditors’ Report” contains certain audited financial statements of the Library for the years ended June 30, 2010 and June 30, 2011 and the report of the Library’s independent auditor, Fulton, Timmes, Frega & Straubinger, on such financial statements.

The Library has reviewed the parts of this Official Statement describing the Library, the Purpose of the Issue, the Authorization of Project, Payment and Tax Levy, the Mortgage, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B hereto. The Library shall certify as of the dates of sale and delivery of the Series 2012 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

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

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

**DEFINITIONS**

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## DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Collection Agreement* means the Tax Pledge and Collection Agreement dated as of the date of issuance of the Series 2012 Bonds, or any other agreement, by and among the Institution, the Town of Ramapo, the School District, the Trustee and the Authority executed in connection with the issuance of a Series of Bonds, as the same shall have been amended, supplemented or otherwise modified.

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

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

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

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

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

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

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

*Defeasance Security* means:

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

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

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

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

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

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

*Exempt Obligation* means:

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

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

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

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

*Federal Agency Obligation* means:

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

*Government Obligation* means:

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

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

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

*Institution* means Suffern Free Library, a not-for-profit corporation organized and existing under the laws of the State and operating as a free association library chartered by the Board of Regents of the State, or any successor thereto.

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

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

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

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

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

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

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

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

*Parity Indebtedness* shall mean indebtedness secured by a parity lien on Pledged Revenues and/or the Mortgaged Property (excluding the Authority's security interest in the Project Levy) with the prior written consent of the Authority.

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

*Permitted Collateral* means:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligation;
- (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligation;
- (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category;
- (iv) bankers' acceptances issued by a bank rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service and having maturities of not longer than three hundred sixty five (365) days from the date they are pledged; or
- (v) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category.

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

- (i) The lien of taxes and assessments which are not delinquent;
- (ii) The lien of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless thereby the property or the interest of the Authority therein may be in danger of being lost or forfeited;
- (iii) Minor defects and irregularities in the title to such property which do not in the aggregate materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

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

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

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

*Permitted Investments* means:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

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

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

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

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

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

along with the right of the Institution to exercise its rights under the Education Law and any and all proceeds resulting from the exercise of that right.

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

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

*Project Levy* means the Public Funds authorized to be paid to the Institution by referendum of the qualified voters of the School District approved on such date or dates and in an aggregate annual amount not less than the aggregate Maximum Annual Debt Service on all Series of Bonds issued pursuant to the Resolution and then Outstanding, which in the case of the Series 2012 Bonds shall mean the referendum of the qualified voters of the School District approved on April 17, 1997 in an annual amount not to exceed \$590,000.00.

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

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

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

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

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

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least

one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

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

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

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

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

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

*Refunded Bonds* means all or any portion of the Authority's Suffern Free Library Association Insured Revenue Bonds, Series 1998, as determined by an authorized officer of the Authority pursuant to the Series 2012 Resolution.

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

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

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

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

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

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

*School District* means the Ramapo Central School District.

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

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



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

*Series 2012 Bonds* means the Authority's Suffern Free Library Revenue Bonds, Series 2012 authorized by the Series 2012 Resolution.

*Series 2012 Project* means the Project more particularly described in the Loan Agreement.

*Series 2012 Resolution* means the Authority's Series Resolution Authorizing Up To \$6,000,000 Suffern Free Library Revenue Bonds, Series 2012.

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

*State* means the State of New York.

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

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

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

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

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**FINANCIAL STATEMENTS OF  
SUFFERN FREE LIBRARY AND INDEPENDENT AUDITORS' REPORT**

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SUFFERN FREE LIBRARY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

SUFFERN FREE LIBRARY

INDEX TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 11

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION	12
SUPPORT AND REVENUE	Schedule 1
PROGRAM SERVICE AND GENERAL AND ADMINISTRATIVE EXPENSES	Schedule 2



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ACCOUNTANTS  
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Suffern Free Library  
Lafayette Avenue  
Suffern, New York 10901

Gentlemen & Mesdames:

We have audited the accompanying statements of financial position of the Suffern Free Library as of June 30, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

FULTON, TIMMES, FREGA & STRAUBINGER, P.A.

October 10, 2011

## SUFFERN FREE LIBRARY

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

## ASSETS

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>Current assets</b>					
Cash and cash equivalents	\$ 1,607,719	\$ 947	\$ 2,524	\$ 1,611,190	\$ 918,921
Short-term investments	400,000	317,813	12,194	730,007	1,435,488
Investments - securities (net of allowance for unrealized loss of \$-0- in 2011 and \$-0- in 2010)	-	88,513	-	88,513	73,768
Prepaid expenses	5,902	-	-	5,902	40,490
Deposits held by Trustee	-	533,485	-	533,485	533,563
Interfund receivable	-	447,378	-	447,378	450,128
Miscellaneous receivable	2,361	-	-	2,361	42,090
<b>Total current assets</b>	<b>2,015,982</b>	<b>1,388,136</b>	<b>14,718</b>	<b>3,418,836</b>	<b>3,494,448</b>
<b>Land, building and equipment,</b>					
at cost (less accumulated depreciation of \$3,262,328 in 2011 and \$2,967,536 in 2010)	5,730,035			5,730,035	5,995,965
<b>Other assets</b>					
Bond discount (less accumulated amortization of \$26,389 in 2011 and \$22,619 in 2010)		56,547		56,547	60,317
<b>Total assets</b>	<b>\$ 7,746,017</b>	<b>\$ 1,444,683</b>	<b>\$ 14,718</b>	<b>\$ 9,205,418</b>	<b>\$ 9,550,730</b>

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



<u>SUFFERN FREE LIBRARY</u>					
<u>STATEMENTS OF FINANCIAL POSITION</u>					
<u>JUNE 30, 2011 AND 2010</u>					
<u>LIABILITIES AND NET ASSETS</u>					
	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Current liabilities</u>					
Current maturities of long-term debt	\$ 240,000	\$ -	\$ -	\$ 240,000	\$ 230,000
Accounts payable	26,740			26,740	4,647
Interfund payable	447,378			447,378	450,128
<u>Total current liabilities</u>	<u>714,118</u>			<u>714,118</u>	<u>684,775</u>
<u>Long-term debt</u> (net of current maturities)	<u>5,450,000</u>			<u>5,450,000</u>	<u>5,690,000</u>
<u>Other liabilities</u>					
Bond premium (less accumulated amortization of \$33,294 in 2011 and \$28,538 in 2010)	-	71,345		71,345	76,101
<u>Total liabilities</u>	<u>6,164,118</u>	<u>71,345</u>		<u>6,235,463</u>	<u>6,450,876</u>
<u>Net assets</u> (Page 4)					
Unrestricted	1,581,899	-		1,581,899	1,715,957
Temporarily restricted for:					
Technology	-	50,000	-	50,000	50,000
Special projects	-	400,000	-	400,000	400,000
Capital expenditures	-	815,803	-	815,803	825,380
Unemployment	-	18,076	-	18,076	17,989
Other	-	89,459	-	89,459	75,924
Permanently restricted	-	-	14,718	14,718	14,604
<u>Total net assets</u>	<u>1,581,899</u>	<u>1,373,338</u>	<u>14,718</u>	<u>2,969,955</u>	<u>3,099,854</u>
<u>Total liabilities and net assets</u>	<u>\$ 7,746,017</u>	<u>\$ 1,444,683</u>	<u>\$ 14,718</u>	<u>\$ 9,205,418</u>	<u>\$ 9,550,730</u>

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

## SUFFERN FREE LIBRARY

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Support and revenue</u>					
Support (Schedule 1)	\$ 2,207,330	\$ 529,180	\$ -	\$ 2,736,510	\$ 2,681,601
Revenue (Schedule 1)	137,259	15,083	114	152,456	169,829
Total support and revenue	2,344,589	544,263	114	2,888,966	2,851,430
<u>Expenses</u>					
Program service and general and administrative expenses (Schedule 2)	2,451,991	300,944	-	2,752,935	2,595,042
Depreciation	294,792	-	-	294,792	294,257
Capital asset expenditures	(28,862)	-	-	(28,862)	(40,408)
	2,717,921	300,944	-	3,018,865	2,848,891
Increase (decrease) in net assets	(373,332)	243,319	114	(129,899)	2,539
Adjustments to net assets	239,274	(239,274)	-	-	-
Net assets at beginning of year	1,715,957	1,369,293	14,604	3,099,854	3,097,315
Net assets at end of year	\$ 1,581,899	\$ 1,373,338	\$ 14,718	\$ 2,969,955	\$ 3,099,854

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

## SUFFERN FREE LIBRARY

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Cash flows from operating activities</u>					
Increase (decrease) in net assets	\$ (373,332)	\$ 243,319	\$ 114	\$ (129,899)	\$ 2,539
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:					
Depreciation	294,792	-	-	294,792	294,257
Unrealized gain	-	(16,788)	-	(16,788)	(7,035)
(Increase)decrease in:					
Prepaid expenses	34,588	-	-	34,588	(34,054)
Miscellaneous receivable	39,729	-	-	39,729	(31,182)
Interfund receivable	-	2,750	-	2,750	(2,750)
Other assets	-	3,770	-	3,770	3,770
Increase (decrease) in:					
Accounts payable	22,093	-	-	22,093	(41,765)
Interfund payable	(2,750)	-	-	(2,750)	2,750
Deferred revenue	-	-	-	-	-
Other liabilities	-	(4,756)	-	(4,756)	(4,756)
Interfund transfers	239,274	(239,274)	-	-	-
<u>Cash provided by operating activities</u>	<u>254,394</u>	<u>(10,979)</u>	<u>114</u>	<u>243,529</u>	<u>181,774</u>
<u>Cash flows from investing activities</u>					
Realized loss	-	4,765	-	4,765	3,032
Capital expenditures	(28,862)	-	-	(28,862)	(40,408)
Purchase of investments	(400,000)	(324,345)	(11)	(724,356)	(1,450,145)
Redemption of investments	1,099,293	327,821	-	1,427,114	1,952,796
	<u>670,431</u>	<u>8,241</u>	<u>(11)</u>	<u>678,661</u>	<u>465,275</u>

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

- 5 -

(Page 1 of 2)

## SUFFERN FREE LIBRARY

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Cash flows from financing activities</u>					
Decrease in deposits held by Trustee	\$ -	\$ 78	\$ -	\$ 78	\$ 100,327
Reduction of long-term debt	(230,000)			(230,000)	(220,000)
	(230,000)	78	-	(229,922)	(119,673)
Net increase (decrease) in cash and cash equivalents	694,825	(2,660)	103	692,268	527,376
Cash and cash equivalents - beginning of year	912,894	3,606	2,421	918,921	391,545
Cash and cash equivalents - end of year	<u>\$ 1,607,719</u>	<u>\$ 946</u>	<u>\$2,524</u>	<u>\$ 1,611,189</u>	<u>\$ 918,921</u>

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

SUFFERN FREE LIBRARY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

Note 1 - Summary of significant accounting policies:

This summary of significant accounting policies of the Suffern Free Library is presented to assist in understanding the Library's financial statements. The financial statements and notes are representations of the Library's management which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of activities - An association library serving all residents of the Ramapo Central School District, funded primarily by taxes.

Basis of accounting - The Library prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recorded when earned, and expenses and losses are recorded when incurred.

Basis of presentation and change for new pronouncements - In 1995, the Library adopted **SFAS** No. 117, Financial Statements of Not-For-Profit Organizations. Under **SFAS** No. 117, the Library is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets and permanently restricted assets.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Library to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Investments - securities - Investment securities at June 30, 2011 and 2010, consist of corporate equity securities. The Library classifies its equity securities into two categories: trading securities and available-for-sale. Trading securities are bought and held principally for the purpose of selling them in the near term. All securities not included in trading are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Unrealized gains and losses on trading securities and available-for-sale securities are included in earnings.

Land, building, and equipment - Land, building and equipment are carried at cost. Donated assets are recorded at fair market value. Depreciation is computed using the straight-line method. In the year of acquisition, all classes of property and equipment are depreciated for six months.

Maintenance and repairs are charged to income as incurred. Major renewals or improvements are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts, the proceeds applied thereto, and any resulting gain or loss is reflected in the Statement of Activities.

Gifts - The Library accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received*. Contributions are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Inexhaustible collections and books - Because the value of the existing inexhaustible collection, including research books, is not readily determinable, the Library has not capitalized them. Books used in the circulating Library have not been capitalized because their useful lives are less than one year.

Income taxes - The Library is an organization exempt from Federal and State income taxes under the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for Federal or State income taxes has been made.

Comparative financial information - The financial information shown for 2010 in the accompanying financial statements is included to provide a basis for comparison with 2011 and presents summarized totals only.

Permanently restricted fund - The Suffern Free Library established the permanently restricted fund in 1955 to hold, manage and invest various assets. The entire net income is to be paid to the unrestricted fund once a year to be used without restriction while principal is to remain perpetually.

Note 2 - Cash and cash equivalents:

Cash and cash equivalents consist of:

	<u>2011</u>	<u>2010</u>
Cash on hand	\$ 206	\$ 206
Cash in bank	<u>1,610,984</u>	<u>918,715</u>
	<u>\$ 1,611,190</u>	<u>\$ 918,921</u>

The Library considers all short-term investments with an original maturity of three months or less to be cash equivalents.

At times the Library maintains balances at its banks in excess of the amount covered by Federal insurance.

Note 3 - Short-term investments:

Short-term investments are recorded at fair value and consist of the following:

	<u>2011</u>	<u>2010</u>
US Treasury Notes	\$ 299,737	\$ 307,472
Certificates of Deposit	<u>430,270</u>	<u>1,128,016</u>
Total	<u>\$ 730,007</u>	<u>\$ 1,435,488</u>

Note 4 - Investments - securities:

The Library applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Library has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair measurement in its entirety.

Investments are presented in the financial statements in the aggregate at fair market value.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2011 and 2010:

	<u>Fair Value Measurement at Reporting Date</u>		
	<u>Using</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities - 2011	\$ <u>88,513</u>	\$	\$ <u>          </u> -

	<u>Fair Value Measurement at Reporting Date</u>		
	<u>Using</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities - 2010	\$ <u>73,768</u>	\$	\$ <u>          </u> -



## Note 5 - Land, building and equipment:

The classification of land, building and equipment at June 30, 2011 and 2010, together with the estimated useful life is as follows:

	<u>2011</u>	<u>2010</u>	<u>Estimated useful life (years)</u>
Land	\$ 575,000	\$ 575,000	
Building and improvements	8,149,929	8,139,712	30 - 50
Furniture and equipment	<u>267,434</u>	<u>248,789</u>	5 - 10
	<u>\$ 8,992,363</u>	<u>\$ 8,963,501</u>	

Depreciation was charged to income as follows:

2011	\$ 294,792
2010	294,257

## Note 6 - Deposits held by Trustee:

In 1998, the Dormitory Authority of the State of New York floated an \$8,000,000 bond issue for the construction of a new library. The Dormitory Authority is holding \$533,485 in 2011 and \$533,563 in 2010 of the bond proceeds for capital additions to the new building and to secure payment of the bond. The construction fund was closed in November of 2010 and the balance remaining in 2011 is held entirely for securing future debt service.

## Note 7 - Long-term debt:

	<u>2011</u>	<u>2010</u>
Long-term debt consists of:		
Bond payable, Dormitory Authority of the State of New York; the first twelve years interest is calculated at 4 1/2% and the remaining eighteen years at 5% payable in various monthly installments through June 30, 2027	\$ 5,690,000	\$ 5,920,000
Less: Current maturities	<u>240,000</u>	<u>230,000</u>
	<u>\$ 5,450,000</u>	<u>\$ 5,690,000</u>

Land, building and equipment having a net book value of \$5,730,035 and \$5,995,965 as of June 30, 2011 and 2010, respectively, was pledged to collateralize the above indebtedness.

Principal payments on long-term debt during the succeeding years are as follows:

First	\$ 240,000
Second	255,000
Third	265,000
Fourth	280,000
Fifth	<u>295,000</u>
	1,335,000
Thereafter	<u>4,355,000</u>
	<u>\$ 5,690,000</u>

Note 8 - Commitments and contingencies:

The Library receives a substantial amount of its support from the School District taxpayers and Village governments. A significant reduction in the level of support, if it should occur, may have a material effect on the Library's programs and activities.

Note 9 - Pension plan:

The Library participates in the Teachers Insurance and Annuity Association Retirement System that covers all employees who are at least 21 years old and have worked a minimum of 1,000 hours and completed one year of service. The Library contributes 5% of annual compensation for eligible participants. Contributions by the Library amounted to \$55,015 in 2011 and \$44,349 in 2010.

Note 10 - Adjustments to net assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Transfer of assets from Temporarily Restricted to Unrestricted Fund	\$ 239,274	\$ (239,274)

Note 11 - Subsequent events:

Management has evaluated subsequent events through October 10, 2011, the date on which the financial statements were available to be issued.



**Fulton, Timmes, Frega & Straubinger, P.A.** CERTIFIED PUBLIC ACCOUNTANTS  
6 Arrow Road, Suite 200, Ramsey, New Jersey 07446  
201-327-7600 / Fax 201-327-0177 / E-mail: [ftfs@ramsey-cpa.com](mailto:ftfs@ramsey-cpa.com)

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Trustees  
**Suffern** Free Library  
Lafayette Avenue  
**Suffern**, New York 10901

Gentlemen and Mesdames:

Our examination of the financial statements included in the preceding section of this report was directed to the expression of an opinion on those statements taken as a whole. The supplemental material presented in the following section of this report is not necessary for a fair presentation of the financial statements but is presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in **all** material respects when considered in relation to the financial statements taken as a whole.

FULTON, TIMMES, FREGA & STRAUBINGER, P.A.

October 10, 2011

## SUFFERN FREE LIBRARY

## SCHEDULES OF SUPPORT AND REVENUE

## YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Support and Revenue</u>					
<u>Support</u>					
Ramapo School District	\$ 2,194,355	\$ 526,000	\$ -	\$ 2,720,355	\$ 2,656,827
Villages of Suffern and Hillburn	500			500	5,500
Library system grant	7,031	300		7,331	7,629
Gifts and donations	3,444	1,500		4,944	6,695
Other grants	2,000	1,380		3,380	4,950
<u>Total support</u>	<u>2,207,330</u>	<u>529,180</u>	<u>-</u>	<u>2,736,510</u>	<u>2,681,601</u>
<u>Revenue</u>					
Income from investments	6,668	3,060	114	9,842	36,315
Income from Endowment Fund		-	-		148
Fines	67,003	-	-	67,003	72,885
Fees and memberships	8,164	-	-	8,164	9,014
Income from equipment use and commissions	11,951	-		11,951	11,868
Unrealized gain	-	16,788	-	16,788	7,035
Book sale	33,940	-	-	33,940	33,834
Realized loss	-	(4,765)	-	(4,765)	(3,032)
Fundraising	736	-	-	736	1,022
Insurance recoveries	6,467	-	-	6,467	
Rent	2,330	-	-	2,330	740
<u>Total revenue</u>	<u>137,259</u>	<u>15,083</u>	<u>114</u>	<u>152,456</u>	<u>169,829</u>
<u>Total support and revenue</u>	<u>\$ 2,344,589</u>	<u>\$ 544,263</u>	<u>\$ 114</u>	<u>\$ 2,888,966</u>	<u>\$ 2,851,430</u>

See auditors' report on supplemental information.

Schedule 1

## SUFFERN FREE LIBRARY

## SCHEDULES OF PROGRAM SERVICE AND GENERAL AND ADMINISTRATIVE EXPENSES

## YEARS ENDED JUNE 30, 2011 AND 2010

	2011				2010	
	Unrestricted	Temporarily	Permanently	Total	Total	
		Restricted	Restricted			
Salaries	\$ 1,344,134	\$ -	\$ -	\$ 1,344,134	\$ 1,237,567	
Employee benefits and payroll taxes	265,703	-	-	265,703	235,067	
Utilities - fuel and telephone	119,399	-	-	119,399	99,789	
Library materials and automation	424,875	750	-	425,625	421,189	
Website	1,588	-	-	1,588	1,002	
Library and office supplies	30,109	-	-	30,109	34,205	
Equipment rental and service expense	21,796	-	-	21,796	20,087	
Postage	8,175	-	-	8,175	8,620	
Public information	8,994	-	-	8,994	10,543	
Insurance	23,200	-	-	23,200	26,506	
Convention, travel and dues	8,746	-	-	8,746	5,699	
Building maintenance and repairs	110,212	1,500	-	111,712	93,866	
Professional fees	25,602	-	-	25,602	22,796	
Capital expenditures	28,862	-	-	28,862	40,408	
Trustee - expense	2,013	-	-	2,013	2,412	
Miscellaneous	3,057	-	-	3,057	2,657	
Interest expense		295,013	-	295,013	306,014	
Transfer to operating Programs	25,526	3,681	-	29,207	26,467	
<b>Total expenses</b>	<b>\$ 2,451,991</b>	<b>\$ 300,944</b>	<b>\$ -</b>	<b>\$ 2,752,935</b>	<b>\$ 2,595,042</b>	

See auditors' report on supplemental information.

Schedule 2

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

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

The following is a summary of certain provisions of the Loan Agreement pertaining to the Series 2012 Bonds and the Project. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

**Construction of the Project**

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

*(Section 5)*

**Amendment of the Project; Additional Bonds**

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

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

*(Section 6)*

**Financial Obligations**

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

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

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

(iii) [Reserved];

(iv) On or before each December 1 commencing on December 1, 2012, an amount equal to the interest coming due on the Bonds on the immediately succeeding January 1 and July 1;

(v) On or before each December 1 commencing on December 1, 2012, an amount equal to the principal and Sinking Fund Installment on the Bonds coming due on the immediately succeeding July 1;

(vi) Except as otherwise agreed to in writing by the Authority, at least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than Bonds being redeemed pursuant to Sinking Fund Installments in accordance with clause (v) above, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(vii) The Annual Administrative Fees as set forth in Schedule A to the Loan Agreement;

(viii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Mortgage or the Resolution in accordance with the terms thereof and (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

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

(x) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds, and any fees or expenses incurred by the Authority in connection therewith including those of any rebate analyst or consultant engaged by the Authority ;

(xi) [Reserved]; and

(xii) To the extent not otherwise set forth in this paragraph (a), including without limitation, in the event of any insufficiency, any amounts necessary to pay the principal, Sinking Fund Installment, or Redemption Price, if any, of, and interest on, the Bonds, on the dates, in the amounts, at the times and in the manner provided in or pursuant to the Resolution and the Series Resolution, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year as described in paragraph (a)(v) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the Institution delivers to the Trustee for cancellation

one or more Bonds of the Series and maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the Series and maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered. In addition, subject to the provisions of the Loan Agreement and of the Collection Agreement, the Institution shall receive a credit against the amounts required to be paid by the Institution during a Bond Year as described paragraphs (a)(iv) and (v) above on account of payments made to the Trustee pursuant to the Collection Agreement.

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

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

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

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

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

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

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

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

*(Section 9)*

#### **Security Interest in Pledged Revenues.**

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

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

*(Section 11)*

#### **Collection of Pledged Revenues**

(a) Subject to the provisions of paragraph (b) below, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution, pursuant to the provisions of the Collection Agreement or otherwise, shall deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues (other than the amounts subject to any Parity Indebtedness) within ten (10) days following the Institution’s receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1,

and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the provisions of the Loan Agreement, the Authority notifies the Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this paragraph, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the Institution with respect to the Pledged Revenues.

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

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

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

*(Section 12)*

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

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

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

*(Section 13)*

**Warranty of Title; Title Insurance; Utilities and Access**

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

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

Upon delivery of the Mortgage pursuant to the Loan Agreement, the Institution shall provide (i) a title insurance policy in form and substance, and by insurer(s), acceptable to the Authority, in the amount of the aggregate principal amount of the Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid first lien on applicable Mortgaged Property, free and clear of liens and encumbrances except Permitted Encumbrances, and (ii) a current survey or surveys, including a metes and bounds description, of such Mortgaged Property, certified to the Authority and the issuer of the title insurance policy and showing any easements to which such Mortgaged Property is subject.

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

*(Section 14)*

**Consent to Pledge and Assignment by the Authority**

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive any or all of the payments required to be made pursuant to the Loan Agreement, any or all security interests granted by the Institution under the Loan Agreement, including without limitation the Mortgage, the security interest in the Pledged Revenues given by the Institution pursuant to the Loan Agreement, and all funds and accounts established by the Resolution and pledged under the Resolution, in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee described in this paragraph, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement. Any realization upon the Mortgage or any pledge made or security interest granted by Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution under the Loan Agreement.

*(Section 15)*

**Additional Representation and Covenants**

The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under, the Loan Agreement, the Collection Agreement, the Mortgage and the Related Agreements, (B) to incur the indebtedness contemplated thereby and (C) to make the

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

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

*(Section 16)*

#### **Tax-Exempt Status of the Institution**

(a) The Institution represents that (i) it is an "association" library and a "free" library as described in Section 253 of article 5, title 1, of Chapter 16 of the Consolidated Laws of the State of New York (Education Law), (ii) it is a not-for-profit corporation duly incorporated and existing under the laws of the State and operating as a free association library and received its charter from the Board of Regents, (iii) its board of trustees is elected by the members of the Institution, (iv) no part of its earnings inure to the benefit of any private non-governmental entity or individual, (v) 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, (vi) it has received one or more letters or other notifications from the Internal Revenue Service to that effect; (vii) such letters or other notifications have not been modified, limited or revoked, (viii) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification, (ix) the facts and circumstances which form the basis of such letters or other notifications as represented to the Internal Revenue Service continue to exist, and (x) it is exempt from federal income taxes under Section 501(a) of the Code.

(b) The Institution agrees that:

(i) it will not perform any act or enter into any agreement that could adversely affect the status of the Institution as an organization described in Section 501(c)(3) of the Code exempt from federal income taxes under Section 501(a) of the Code and is not a private foundation as described in Section 509(a) of the Code and will conduct its operations in a manner conforming to the standards necessary to maintain the qualifications of the Institution as such an organization; and

(ii) it will not perform any act, enter into any agreement or use or permit a Project to be used in any manner, or for any trade or business or other non-exempt use unrelated to the purposes of the Institution, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

*(Section 17)*

#### **Use and Possession of the Project**

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

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

*(Section 21)*

### **Restrictions on Religious Use**

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

*(Section 22)*

### **Covenant as to Insurance**

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

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



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

*(Section 25)*

**Indemnity by Institution**

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

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

(c) In case any action shall be brought in respect of which indemnity may be sought against the Institution pursuant to the Loan Agreement, any person seeking indemnity under the Loan Agreement shall promptly notify the Institution in writing, and the Institution shall promptly assume the defense thereof, including the employment of counsel and the payment of all expenses; provided, however, that the Institution shall have the right to negotiate and consent to settlement and that it shall be the duty of such person to cooperate with the Institution in asserting such defense and in reaching such settlement. Any such person shall have the right to employ

separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such person unless the employment of such counsel has been specifically authorized by the Institution. The Institution shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Institution or if there be a final judgment for the plaintiff in any such action with or without the Institution's consent, the Institution agrees to indemnify and hold harmless such person from and against any loss or liability by reason of such settlement or judgment in accordance with this paragraph.

*(Section 30)*

**Defaults and Remedies.**

(a) The term "Event of Default" shall mean:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest

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

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

(vii) Reserved;

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

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

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

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

*(Section 31)*

#### **Arbitrage; Tax Exemption**

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

Neither the Institution nor any "related person" (as such term is defined for purposes of Section 148 of the Code) shall purchase any Series 2012 Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the Institution or by a related person of Series 2012 Bonds will not cause interest on the Series 2012 Bonds to be included in the gross income of the owners of the Series 2012 Bonds for purposes of federal income taxation.

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

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

*(Section 36)*

### **Consultation with the Institution**

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

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

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

*(Section 38)*

### **Termination**

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

*(Section 45)*

**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

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**SUMMARY OF CERTAIN PROVISIONS  
OF THE RESOLUTION**

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

**Resolution and Bonds Constitute a Contract**

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

*(Section 1.03)*

**Refunding Bonds and Additional Obligations**

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

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

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

*(Sections 2.04 and 2.05)*

**Pledge of Revenues**

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

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

*(Section 5.01)*

#### **Establishment of Funds and Accounts**

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

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

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

*(Section 5.02)*

#### **Application of Bond Proceeds and Allocation Thereof**

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

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

*(Section 5.03)*

### **Application of Moneys in the Construction Fund**

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

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

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

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

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

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

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

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

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

*(Section 5.04)*

**Deposit of Revenues and Allocation Thereof**

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

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

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

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

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

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

*(Section 5.05)*

**Debt Service Fund**

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

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

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

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

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

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

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

*(Section 5.06)*

**Arbitrage Rebate Fund**

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

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized

Officer of the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

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

*(Section 5.07)*

#### **Application of Moneys in Certain Funds for Retirement of Bonds**

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

*(Section 5.08)*

#### **Investment of Funds and Accounts Held by the Trustee**

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

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

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

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

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

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

*(Section 6.02)*

### **Creation of Liens**

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

*(Section 7.06)*

### **Amendment of Loan Agreement**

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

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

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

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

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

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

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

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

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

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

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



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

*(Section 7.11)*

**Modification and Amendment Without Consent**

Notwithstanding any other provisions of the Resolution, the Authority may without the consent of the Holders of the Bonds Outstanding adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

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

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

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

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

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

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

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

*(Section 9.01)*

### **Supplemental Resolutions Effective with Consent**

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

*(Section 9.02)*

### **Events of Default**

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

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

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

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

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

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

*(Section 11.02)*

### **Acceleration of Maturity**

Upon the happening and continuance of any Event of Default specified in the Resolution, other than an Event of Default specified in paragraph (c) under the heading “Event of Default,” then and in every such case the Trustee upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series shall, by notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of such Series to be due and payable. At the expiration of thirty (30) days after

notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of the Bonds of a Series shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of such Series of Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under a Series Resolution (other than principal amounts payable only because of a declaration and acceleration described under this heading) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in such Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration described under this heading) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

*(Section 11.03)*

#### **Enforcement of Remedies**

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

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

*(Section 11.04)*

#### **Priority of Payment After Default**

If at any time the moneys held by the Trustee under the Resolution and under a Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds of a Series as the same become due and payable (either by their terms or by acceleration of maturity), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies described under this

heading or otherwise, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying all amounts owing to the Trustee under the Resolution) as follows:

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

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

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

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

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

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

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

*(Section 11.05)*

### **Bondholders' Direction of Proceedings**

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

*(Section 11.07)*

### **Limitation of Rights of Individual Bondholders**

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

*(Section 11.08)*

### **Defeasance**

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

shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

(b) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above. All Outstanding Bonds of a Series or any maturity within such Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will, as verified by the report of a firm of independent certified public accountants, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds of a Series on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with this paragraph. The Trustee shall select which Bonds of such Series and maturity payment of which shall be made in accordance with this paragraph in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; provided, further, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

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

*(Section 12.01)*

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**FORM OF APPROVING OPINION OF BOND COUNSEL**

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**FORM OF APPROVING OPINION OF BOND COUNSEL**

June 27, 2012

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

We have examined the record of proceedings relating to the \$4,825,000 aggregate principal amount of Suffern Free Library Revenue Bonds, Series 2012 (the "Series 2012 Bonds") issued 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 Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth. Capitalized terms used herein without other definition have the meanings set forth in the Resolution (hereinafter defined).

The Series 2012 Bonds are issued under and pursuant to the Act and the Suffern Free Library Revenue Bond Resolution of the Authority, adopted May 23, 2012 (the "Resolution"), and the Suffern Free Library Series 2012 Resolution Authorizing Up To \$6,000,000 Series 2012 Bonds of the Authority, adopted May 23, 2012 (the "Series 2012 Resolution" and, together with the Resolution, the "Resolutions"). The Series 2012 Bonds are being issued for the purposes set forth in the Resolutions.

The Authority has entered into a Loan Agreement with Suffern Free Library (the "Institution"), dated as of May 23, 2012 (the "Loan Agreement"), providing, among other things, for a loan to the Institution for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Series 2012 Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Series 2012 Bonds. The Authority, the Institution and the Trustee have also entered into a Tax Compliance Agreement dated as of the date hereof relating to the Series 2012 Bonds (the "Tax Compliance Agreement").

The Internal Revenue Code of 1986, as amended (the "Code"), prescribes a number of qualifications and conditions for the interest on state and local obligations to be and to remain excluded from gross income for federal income purposes, some of which, including provisions for potential payments by the Authority to the federal government, require future or continued compliance after issuance of the Series 2012 Bonds in order for the interest thereon to be and to continue to be so excluded from the date of issuance. The Authority and the Institution have covenanted in the Resolutions, the Loan Agreement and the Tax Compliance Agreement to comply with the requirements of the Code, and to take the actions required of them for the interest on the Series 2012 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Based upon the foregoing, 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 2012 Bonds thereunder.

(2) The Resolution has been duly and lawfully adopted by the Authority. The Series 2012 Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien upon the Revenues that they purport to create, subject only to the provisions of

the Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

(3) The Series 2012 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 2012 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms pursuant to the Resolutions and are entitled 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. The Loan Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Loan Agreement by the Institution, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

(5) Under existing law:

(a) interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code;

(b) interest on the Series 2012 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code; provided, however, that such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations; and

(c) interest on the Series 2012 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.

In rendering the opinions set forth in paragraph (5) above, we have assumed the accuracy of certain factual certifications of, and continuing compliance with the covenants set forth in the Resolutions, the Loan Agreement and the Tax Compliance Agreement by, the Authority and the Institution. In the event of the inaccuracy or incompleteness of any of the certifications made by the Authority or the Institution, or of the failure by the Authority or the Institution to comply with their respective covenants set forth in the Resolutions, the Loan Agreement and the Tax Compliance Agreement, the interest on the Series 2012 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of such Bonds, regardless of the date on which the event causing such inclusion occurs. We render no opinion as to the exclusion from gross income of interest on the Series 2012 Bonds for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions, the Loan Agreement and the Tax Compliance Agreement or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than, Hiscock & Barclay, LLP. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Bonds may affect the tax status of interest on the Series 2012 Bonds. Further, although the interest is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2012 Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Series 2012 Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution or as to the accuracy, completeness or sufficiency of the Official Statement or other offering materials relating to the Series 2012 Bonds except to the extent, if any, stated in the Official Statement. In addition, we have relied on the opinion of counsel to the Institution, Orrick Herrington & Sutcliffe, LLP, regarding, among other matters, the current qualifications of the Institution as an organization described in Section 501(c)(3) of the Code.

We have examined a fully executed Series 2012 Bond and, in our opinion, the form of said Series 2012 Bond and its execution is 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 2012 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

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