

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These Series 2017 Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Series 2017 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any jurisdiction. A definitive Official Statement with respect to these Series 2017 Bonds will be made available concurrently with their sale.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 12, 2017

NEW ISSUE—Book-Entry-Only

Moody's: A1  
(see "RATING" herein)

*In the opinion of Barclay Damon, LLP, Bond Counsel, under existing law and assuming continuing compliance by the Issuer and the College with certain covenants and the accuracy and completeness of certain representations made by the Issuer and the College, interest on the Series 2017 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that, under existing statutes, interest on the Series 2017 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein.*



**\$65,665,000\***  
**SCHENECTADY COUNTY CAPITAL RESOURCE CORPORATION**  
**TAX-EXEMPT REVENUE BONDS**  
**(UNION COLLEGE PROJECT),**  
**SERIES 2017**

**Dated: Date of Delivery**

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

The Schenectady County Capital Resource Corporation Tax-Exempt Revenue Bonds (Union College Project), Series 2017 (the "Series 2017 Bonds") are being issued pursuant to a Trust Indenture dated as of April 1, 2017 (the "Indenture") by and between the Schenectady County Capital Resource Corporation (the "Issuer") and Manufacturers and Traders Trust Company, as trustee (the "Trustee") and are payable solely out of the revenues or other receipts, funds or moneys of the Issuer pledged therefor or otherwise available to the Trustee for the payment thereof, including those derived under a Loan Agreement between the Issuer and The Trustees of Union College in the Town of Schenectady in the State of New York (the "College").

The Series 2017 Bonds will bear interest at the rates shown on the inside cover to this Official Statement. The Series 2017 Bonds will be subject to optional and extraordinary redemption and purchase in lieu of optional redemption and to acceleration prior to maturity as described herein under "THE SERIES 2017 BONDS — Redemption Prior to Maturity."

Proceeds of the Series 2017 Bonds are being issued to (i) reconstruct, renovate and equip the Science and Engineering building, (ii) refund the Issuer's Tax-Exempt Revenue Bond (Union College Project), Series 2010A, and terminate an associated existing interest rate swap agreement, (iii) pay capitalized interest on the Series 2017 Bonds and (iv) finance certain costs of issuance of the Series 2017 Bonds. See "THE PROJECT AND PLAN OF FINANCE" herein.

Interest on the Series 2017 Bonds will be payable on each January 1 and July 1, commencing July 1, 2017. The Series 2017 Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository for the Series 2017 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Series 2017 Bonds. Principal and interest will be paid by the Issuer to the Trustee which will remit such principal and interest to DTC, which will in turn remit such principal and interest to its Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Series 2017 Bonds. See "THE SERIES 2017 BONDS — Book-Entry Only System" herein.

THE SERIES 2017 BONDS WILL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM PAYMENTS MADE BY THE COLLEGE UNDER THE LOAN AGREEMENT AND ANY MONEYS AND SECURITIES HELD BY THE TRUSTEE UNDER THE INDENTURE. THE SERIES 2017 BONDS DO NOT CONSTITUTE AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR OF THE COUNTY OF SCHENECTADY, NEW YORK AND NEITHER THE STATE OF NEW YORK OR THE COUNTY OF SCHENECTADY, NEW YORK SHALL BE LIABLE THEREON.

THE SERIES 2017 BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE OF NEW YORK OR OF THE COUNTY OF SCHENECTADY, NEW YORK. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR THE INTEREST ON ANY SERIES 2017 BOND AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT OF THE ISSUER.

This cover page contains information for quick reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Official Statement, including the appendices hereto to obtain information essential to the making of an informed investment decision.

The Series 2017 Bonds are offered when, is and if issued and received by the Underwriter and subject to the receipt of the unqualified legal opinion as to the validity of the Series 2017 Bonds of Barclay Damon, LLP, Albany, New York, Bond Counsel. Certain legal matters will be passed upon for the College by its special counsel, Barclay Damon, LLP, Albany, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Series 2017 Bonds will be available for delivery in book-entry only form to DTC on or about April \_\_, 2017.

**Goldman, Sachs & Co.**

April \_\_, 2017

\* Preliminary, subject to change.

\$65,665,000\*  
SCHENECTADY COUNTY CAPITAL RESOURCE CORPORATION  
TAX-EXEMPT REVENUE BONDS (UNION COLLEGE PROJECT),  
SERIES 2017

**Maturities, Amounts, Interest Rates and Prices or Yields**

<u>Due</u> <u>January 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.†</u>
2021	\$ 3,100,000	%	%	
2022	3,100,000			
2023	3,100,000			
2024	5,700,000			
2025	5,000,000			
2026	3,500,000			
2040	13,935,000			
2047	28,230,000			

† CUSIP is a registered trademark of the American Bankers Association (“ABA”). The CUSIP numbers herein are provided by the CUSIP Service Bureau which is managed by S&P Global Ratings on behalf of the ABA. The CUSIP numbers are provided for convenience of reference only. Neither the College, the Issuer, the Trustee nor the Underwriter take any responsibility for the accuracy of such numbers. The CUSIP numbers are included solely for the convenience of holders and no representation is made as to the correctness of the CUSIP numbers printed above. CUSIP numbers assigned to the Series 2017 Bonds may be changed during the term of the Series 2017 Bonds based on a number of factors including but not limited to the refunding or defeasance of such issues or the use of secondary market financial products. None of the Issuer, the College, the Underwriter or the Trustee has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers printed above.

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\* Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by the College or the Underwriter to give any information or to make any representations with respect to the Series 2017 Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Series 2017 Bonds by any persons in any jurisdiction in which it is unlawful to make such offer, solicitation or sale prior to registration or qualification under the securities laws of any such jurisdiction. This Official Statement is not to be construed as a contract with the purchasers of the Series 2017 Bonds.

The distribution of this Official Statement and the offer or sale of Series 2017 Bonds may be restricted by law in certain jurisdictions. None of the Issuer, the College or the Underwriter represent that this Official Statement may be lawfully distributed, or that any Series 2017 Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. To be clear, action may be required to secure exemptions from the blue sky registration requirements either for the primary distributions or any secondary sales that may occur. Accordingly, none of the Series 2017 Bonds may be offered or sold, directly or indirectly, and neither this Official Statement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The information set forth in this Official Statement has been obtained from the College and other sources which are believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under 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. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the College or that the information contained herein is correct at any time subsequent to the date hereof.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2017 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2017 BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2017 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE SERIES 2017 BONDS DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES REGULATORY AUTHORITY NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Certain statements included or incorporated by reference in this Official Statement constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. A number of important factors, including factors affecting the College's financial condition and factors which are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward looking statements. THE COLLEGE DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

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**OFFICIAL STATEMENT  
of the  
SCHENECTADY COUNTY CAPITAL RESOURCE CORPORATION**

**Relating to**

**\$65,665,000\* Tax-Exempt Revenue Bonds  
(Union College Project), Series 2017**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page and the appendices attached hereto, is to provide information in connection with the issuance by the Schenectady County Capital Resource Corporation (the “Issuer”) of its \$65,665,000\* Tax-Exempt Revenue Bonds (Union College Project), Series 2017 (the “Series 2017 Bonds”). The following is a brief description of certain information concerning the Series 2017 Bonds, the Issuer and The Trustees of Union College in the Town of Schenectady in the State of New York (the “College”). A more complete description of such information and additional information that may affect decisions to invest in the Series 2017 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms not otherwise defined herein are defined in APPENDIX C — “Glossary and Summaries of Certain Provisions of Certain of the Financing Documents.”

**Purpose of the Issue**

The Series 2017 Bonds are being issued to (i) reconstruct, renovate and equip the Science and Engineering building (the “New Money Project”), (ii) refund the Issuer’s Tax-Exempt Revenue Bond (Union College Project), Series 2010A (the “Prior Bond”), and terminate an existing interest rate swap agreement associated with the Prior Bond (the “Swap Agreement”), (iii) pay capitalized interest on the Series 2017 Bonds and (iv) finance certain costs of issuance of the Series 2017 Bonds (collectively, the “Project”). See “THE PROJECT AND PLAN OF FINANCE” herein.

**Authorization of the Series 2017 Bonds**

The Series 2017 Bonds are authorized to be issued pursuant to a resolution of the Issuer adopted on April 12, 2017 (the “Resolution”). The Series 2017 Bonds will be issued under a Trust Indenture dated as of April 1, 2017 (the “Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” herein.

**The Issuer**

The Issuer is a not-for-profit local development corporation created as a public instrumentality of the County of Schenectady, New York (the “County”), for the purpose of promoting the economic welfare of the inhabitants of the County. The Issuer was formed under the Not-For-Profit Corporation Law of the State of New York (the “State”) and is operated under Article 14 of the Not-For-Profit Corporation Law, as amended from time to time (the “Act”). The Issuer has no taxing power. See “THE ISSUER” herein.

**The College**

The College is an independent, coeducational, undergraduate liberal arts college located in the City of Schenectady, New York. See “THE COLLEGE” herein, APPENDIX A — “Certain Information Concerning the College” and APPENDIX B — “Audited Financial Statements of the College.”

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\* Preliminary, subject to change.

## **Limited Obligations of the Issuer**

THE SERIES 2017 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER. THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2017 BONDS SOLELY FROM THE NET REVENUES AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE INDENTURE AND AVAILABLE FOR SUCH PAYMENT. THE SERIES 2017 BONDS ARE NOT A DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, SHALL BE LIABLE THEREON. THE SERIES 2017 BONDS SHALL NOT BE PAYABLE FROM ANY OTHER FUNDS OF THE ISSUER. THE ISSUER HAS NO TAXING POWERS.

## **General**

The Series 2017 Bonds will be issued as “book-entry only” obligations to be held by The Depository Trust Company, as depository (the “Depository”) for the Series 2017 Bonds. See “THE SERIES 2017 BONDS — Book-Entry Only System” herein.

The Series 2017 Bonds will be equally and ratably secured as to principal, premium, if any, and interest by the Indenture. The Indenture constitutes a first lien on the Trust Estate (as defined in the Indenture).

As security for the Series 2017 Bonds, the Issuer will assign to the Trustee certain of its rights under the Loan Agreement (not including the Issuer’s Unassigned Rights (as defined in the Indenture)) pursuant to the Pledge and Assignment (as defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” herein.

The purchase of the Series 2017 Bonds involves a degree of risk. Prospective purchasers should carefully consider the material under the caption “BONDHOLDERS’ RISKS” herein.

The Series 2017 Bonds will be sold and delivered by the Issuer to Goldman, Sachs & Co., as underwriter (the “Underwriter”), pursuant to a purchase contract (the “Purchase Contract”) by and among the Issuer, the College and the Underwriter. See “UNDERWRITING” herein.

The following summaries are not comprehensive or definitive. All references to the Series 2017 Bonds, the Indenture, the Loan Agreement and the Pledge and Assignment are qualified in their entirety by the definitive forms thereof. Copies of the documents are available for inspection at the office of the Underwriter at 200 West Street, New York, New York 10282 and, after delivery of the Series 2017 Bonds to the Underwriter, at the principal corporate trust office of the Trustee currently located at One M&T Plaza, Buffalo, New York 14203.

Capitalized terms used in this Official Statement shall have the meanings specified in APPENDIX C — “Glossary and Summaries of Certain Provisions of Certain of the Financing Documents.” Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

## **THE SERIES 2017 BONDS**

## **General**

The Series 2017 Bonds will be dated, bear interest at the rates per annum and mature in the years and in the principal amounts shown on the inside cover page to this Official Statement, subject to redemption prior to maturity as hereinafter described. The Series 2017 Bonds are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Series 2017 Bonds will be payable semiannually on January 1 and July 1, commencing July 1, 2017. Subject to the provisions described below under “Book-Entry Only System,” principal of and any redemption premium on the Series 2017 Bonds are payable upon presentation and surrender of such Series 2017 Bonds at the principal corporate trust office of the Trustee and interest on the Series 2017 Bonds will be payable by check mailed



on each Bond Payment Date to the registered holders thereof at their addresses appearing on the registration books maintained by the Trustee.

### **Redemption Prior to Maturity\***

#### *Optional Redemption*

The Series 2017 Bonds maturing on or after January 1, 2028 are subject to redemption prior to maturity on or after January 1, 2027, at the option of the College, as a whole or in part at any time, in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date.

#### *Extraordinary Redemption*

The Series 2017 Bonds are subject to redemption prior to maturity (1) as a whole, without premium, in the event of (a) a taking in Condemnation of, or failure of title to, all or substantially all of the Project Facility and election by the College to redeem the Series 2017 Bonds in accordance with the Loan Agreement, (b) damage to or destruction of part or all of the Project Facility and election by the College to redeem the Series 2017 Bonds in accordance with the Loan Agreement, or (c) a taking in Condemnation of part of the Project Facility and election by the College to redeem the Series 2017 Bonds in accordance with the Loan Agreement, or (2) as a whole, without premium, in the event that (a) the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as a result of any change in the United States Constitution or legislative or administrative action (whether state or federal), or by final decree or judgment of any court or administrative body, or (b) the Authorized Representative of the College certifies that unreasonable burdens or excessive liabilities have been imposed on the College or its property, including, without limitation, taxes not being imposed on the date of the Loan Agreement, or (3) in part, without premium, (a) in the event that (i) excess moneys remain in the Insurance and Condemnation Fund following damage or condemnation of a portion of the Project Facility and completion of the repair, rebuilding or restoration of the Project Facility by the College, and (ii) such excess moneys are not paid to the College pursuant to the Indenture, (b) in the event that excess moneys remain in the related account in the Project Fund after the Completion Date, or (c) in the event that excess proceeds of recoveries from contractors are applied to redeem Series 2017 Bonds pursuant to the Loan Agreement, in each case to the extent of such excess. In any such event, the Series 2017 Bonds shall be redeemed, as a whole or in part, as the case may be, on the earliest practicable date for which the Trustee can give notice of redemption at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

#### *Purchase in Lieu of Optional Redemption*

Whenever the Series 2017 Bonds are subject to optional redemption, such Series 2017 Bonds may instead be purchased at the election of the College at a purchase price equal to the redemption price. The College shall give written notice thereof and of the Series 2017 Bonds and the maturities of Series 2017 Bonds to be so purchased to the Issuer and the Trustee. The Trustee shall select the particular Series 2017 Bonds of such maturities to be so purchased by lot in accordance with the provisions of the Indenture for the selection of Series 2017 Bonds to be redeemed in part. Promptly thereafter, the Trustee shall give notice of the purchase of such Series 2017 Bonds at the times and in the manner provided in the Indenture for the notice of redemption. All such purchases may be subject to conditions to the obligation of the College to purchase such Series 2017 Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of such Series 2017 Bonds is held by the Trustee, the purchase price of the Series 2017 Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase. The Indenture provides that a purchased Series 2017 Bond shall not be considered to cease to be Outstanding solely by virtue of its purchase, that each such purchased Series 2017 Bond that is not a book-entry Bond shall be registered in the name or at the direction of the College, and that the College may not exercise certain rights that are provided to other holders of such Series 2017 Bonds thereunder.

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\* Preliminary, subject to change

#### *Selection of Series 2017 Bonds to be Redeemed*

If less than all of the Series 2017 Bonds are to be redeemed, the Series 2017 Bonds to be called for redemption shall be selected by lot by the Trustee.

#### *Partial Redemption of Series 2017 Bonds*

In the event of any partial redemption or purchase in lieu of redemption, the particular Series 2017 Bonds or portions thereof to be redeemed or purchased, as the case may be, shall be selected by the Trustee not more than sixty (60) days prior to the Redemption Date or purchase date from maturities designated in writing by the College, and within each maturity by lot or by such other method as the Trustee shall deem fair and appropriate, provided that for so long as the Series 2017 Bonds shall be Book-Entry Bonds, the particular Series 2017 Bonds or portions thereof to be redeemed or purchased within a maturity may be selected by lot by the Depository in such manner as the Depository may determine. Further, the Trustee may provide for the selection for redemption or purchase of portions (equal to \$5,000 or any integral multiple of \$5,000 in excess thereof) of Series 2017 Bonds. In no event shall the principal amount of Series 2017 Bonds subject to any partial redemption or purchase be other than a whole multiple of \$5,000 thereof.

#### *Notice of Redemption*

Notice of redemption of the Series 2017 Bonds will be given by the Trustee one time by first class mail postage prepaid to the registered Owners of such Series 2017 Bonds at the address of such Owners shown on the Bond Register maintained by the Trustee not less than thirty (30) days prior nor more than sixty (60) days prior to the date fixed for redemption. A follow-up notice will be given by the Trustee by registered or certified mail to each registered Owner who has not submitted a Series 2017 Bond subject to redemption within ninety (90) days to one hundred twenty (120) days following the Redemption Date. The failure to give any such notice, or any defect therein, will not affect the validity of any proceeding for the redemption of any Series 2017 Bond with respect to which no such failure to give notice, or defect therein, has occurred. Any notice of optional redemption may provide (and shall provide if the College does not deposit with the Trustee moneys in any amount equal to the Redemption Price of the Series 2017 Bonds being redeemed at the time the College delivers to the Trustee its notice of its election to cause the redemption of such Series 2017 Bonds) that if, on the redemption date set forth in such notice, there is on deposit with the Trustee and available therefor insufficient funds to pay the Redemption Price of all Series 2017 Bonds scheduled to be redeemed, such redemption may be rescinded (in which case the Trustee shall promptly so notify the Holders of such Series 2017 Bonds in the same manner in which notice of redemption was given), and if such redemption is rescinded, the Series 2017 Bonds scheduled to be redeemed shall remain Outstanding as if the notice of redemption had not been sent.

The Trustee will not be required to make any transfer or exchange of (1) any Series 2017 Bond during the fifteen (15) days next preceding a Bond Payment Date or (2) any Series 2017 Bond selected for redemption in whole or in part. However, in the event of a Series 2017 Bond selected for redemption in part, the remaining portion of such Series 2017 Bond may be exchanged for a new Series 2017 Bond with a reduced principal amount.

#### *Acceleration of Series 2017 Bonds*

Upon the occurrence of an Event of Default under the Indenture (1) involving failure by the Issuer to make due and punctual payment of interest, premium or principal of any Series 2017 Bond, the Trustee shall, or (2) any other Event of Default under the Indenture, and so long as the Event of Default is continuing, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Series 2017 Bonds then outstanding, the Trustee shall, by written notice declare the entire principal amount of all Series 2017 Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Series 2017 Bonds to be immediately due and payable under the Loan Agreement. Upon the occurrence of any declaration of acceleration by the Trustee, the principal of the Series 2017 Bonds then Outstanding and the interest accrued thereon will thereupon become and be immediately due and payable, and interest will continue to accrue thereon until the date of payment. For a

description of the Events of Default under the Indenture, see APPENDIX C — “Glossary and Summaries of Certain Provisions of Certain of the Financing Documents.”

### **Book-Entry Only System**

Unless otherwise noted, the description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 2017 Bonds, payment of interest and other payments on the Series 2017 Bonds to DTC Participants or Beneficial Owners of the Series 2017 Bonds, confirmation and transfer of beneficial ownership interests in the Series 2017 Bonds and other bond-related transactions by and between DTC, the DTC Participants and Beneficial Owners of the Series 2017 Bonds is based solely on information furnished by DTC for inclusion in this Official Statement. Accordingly, the Issuer, the College, the Trustee and the Underwriter do not and cannot make any representations concerning these matters.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2017 Bonds. The Series 2017 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 2017 Bond certificate will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 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 2017 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 Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017 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 2017 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 Series 2017 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 Issuer 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 Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2017 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 Issuer, on 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 or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, 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 depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor depository, is not obtained, Series 2017 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2017 Bond certificates will be printed and delivered to DTC.

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

NEITHER THE ISSUER, THE COLLEGE, THE UNDERWRITER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER. IN RESPECT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OR INTEREST ON THE SERIES 2017 BONDS; (3) THE DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDOWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2017 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2017 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED HOLDERS OF THE SERIES 2017 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2017 BONDS.

## DEBT SERVICE REQUIREMENTS

The following table sets forth the long-term debt service requirements of the College for each fiscal year ending June 30 of the years shown for (i) the payment of the principal on the Series 2017 Bonds, payable on January 1 of each such period and the interest payments coming due during each such period with respect to the Series 2017 Bonds, (ii) the estimated total aggregate debt service payments coming due during such period with respect to the Series 2017 Bonds, (iii) the estimated total aggregate debt service payments coming due during such period with respect to other outstanding debt of the College, and (iv) the estimated total aggregate debt service payments coming due during such period with respect to the Series 2017 Bonds and other outstanding debt of the College.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Series 2017 Bonds</u>		<u>Total Debt Service on</u> <u>Series 2017 Bonds</u>	<u>Total Debt Service on</u> <u>Other</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		<u>Outstanding Debt<sup>1</sup></u>	
2017				\$ 7,273,865	
2018				7,469,973	
2019				7,471,810	
2020				7,466,465	
2021				7,390,014	
2022				7,389,903	
2023				7,397,172	
2024				7,397,569	
2025				7,400,569	
2026				7,405,223	
2027				7,397,569	
2028				7,395,428	
2029				7,401,420	
2030				7,407,453	
2031				7,363,597	
2032				7,391,119	
2033				7,349,853	
2034				7,356,328	
2035				3,312,178	
2036				13,278,085	
2037				2,813,992	
2038				2,813,992	
2039				2,813,992	
2040				2,813,992	
2041				17,755,179	
2042				2,202,345	
2043				2,202,345	
2044				41,511,173	

<sup>1</sup> Includes (i) the City of Schenectady Industrial Development Agency Civic Facility Refunding Revenue Bonds (Union College Project), Series 2006 (the "Series 2006 Bonds"), (ii) the Schenectady County Capital Resource Corporation Tax-Exempt Revenue Bond (Union College Project), Series 2010A (the "Series 2010A Bond") assuming an interest rate of 2.358%, the fixed rate paid by the College under a swap agreement relating to the Series 2010A Bond, through the swap termination date of December 1, 2017 and an interest rate of 4.00% thereafter, (iii) the Schenectady County Capital Resource Corporation Refunding Revenue Bond (Union College Project) Series 2012A, (iv) the College's Taxable Fixed Rate Bonds, Series 2013, (v) the College's Taxable Fixed Rate Bonds, Series 2015, (vi) the College's Taxable Fixed Rate Bonds, Series 2015A, and (vii) a capital lease from First American. For more detailed information, see APPENDIX A — "CERTAIN INFORMATION CONCERNING THE COLLEGE — Outstanding Indebtedness." The College expects to refund the Series 2010A Bond on the date of issuance of the Series 2017 Bonds. See "THE PROJECT AND PLAN OF FINANCE — Refunding" herein

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**

The Series 2017 Bonds will be secured by (i) the assignment effected by the Pledge and Assignment of the Issuer's rights and remedies under the Loan Agreement (except with respect to the Unassigned Rights), including the right to collect and receive loan payments required to be made thereunder and (ii) all other moneys and securities held from time to time by the Trustee for the Bondholders pursuant to the Indenture and all proceeds of the Series 2017 Bonds prior to the disbursement pursuant to the terms of the Indenture and the Loan Agreement, except moneys held in the Rebate Fund.

### **Loan Agreement**

Under the Loan Agreement, the College will be absolutely and unconditionally obligated to make loan payments to the Trustee, as the assignee of the Issuer, sufficient to provide for the payment of the principal of, and interest and premium, if any, on the Series 2017 Bonds when due, and to provide for deposits to the Bond Fund, if required, at the times and in the amounts required by the Indenture and the Loan Agreement.

### **Pledge and Assignment**

Pursuant to the Pledge and Assignment, the Issuer will assign to the Trustee certain of the Issuer's rights under the Loan Agreement. Payments made by the College under the Loan Agreement are to be paid directly to the Trustee. See APPENDIX C — "Glossary and Summaries of Certain Provisions of Certain of the Financing Documents."

## **THE ISSUER**

### **Purpose and Powers**

The Issuer is a not-for-profit local development corporation having an office for the transaction of business located at 433 State Street, Schenectady, New York 12305. The Issuer was formed pursuant to the Act for the purpose of undertaking projects and activities within the County for the purposes of promoting community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the County by developing and providing programs for non-for-profit institutions, manufacturing and industrial businesses and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects, relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the County by attracting new industry to the County or by encouraging the development of, or retention of, an industry in the County and lessening the burdens of government and acting in the public interest.

Under the Act, the Issuer has the power to acquire, hold and dispose of personal property for its corporate purposes; to acquire, use for its corporate purposes and dispose of real property within the corporate limits of the County; to appoint officers, agents and employees; to make contracts and leases; to acquire, construct, reconstruct, lease, improve, maintain, equip or furnish one or more projects; to borrow money and issue bonds and to provide for the rights of the holders thereof; to grant options to renew any lease with respect to any project and to grant options to buy any project at such price as the Issuer may deem desirable; to designate depositories of its moneys; and to do all things necessary or convenient to carry out its purposes and exercise the powers given in the Act.

### **Limited Recourse on Series 2017 Bonds and the Issuer**

THE SERIES 2017 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PAYMENTS MADE UNDER THE LOAN AGREEMENT, FROM THE MONEYS AND SECURITIES HELD BY THE TRUSTEE UNDER THE INDENTURE, AND THE SECURITY PROVIDED BY THE PLEDGE AND ASSIGNMENT. NEITHER THE ISSUER NOR ITS MEMBERS OR OFFICERS ARE PERSONALLY LIABLE WITH RESPECT TO THE SERIES 2017 BONDS. ACCORDINGLY, NO FINANCIAL INFORMATION WITH RESPECT TO THE ISSUER OR ITS MEMBERS OR OFFICERS HAS BEEN INCLUDED IN THIS OFFICIAL STATEMENT.

THE SERIES 2017 BONDS SHALL NOT BE A DEBT OF THE STATE OR THE COUNTY, AND NEITHER THE STATE NOR THE COUNTY SHALL BE LIABLE THEREON. THE ISSUER HAS NO TAXING POWER.

Except for the information contained herein under the caption “THE ISSUER” and “LITIGATION” insofar as it relates to the Issuer, the Issuer has not provided any of the information contained in this Official Statement. The Issuer is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the College, the Underwriter or any other person.

## **THE COLLEGE**

The College is an independent, coeducational, undergraduate liberal arts college located in the City of Schenectady, New York. The College has the sole responsibility for paying the debt service payments to become due on the Series 2017 Bonds. Certain information, including financial information, concerning the College is included in Appendices A and B hereto.

## **THE PROJECT AND PLAN OF FINANCE**

### **General**

The Series 2017 Bonds are being issued to (i) reconstruct, renovate and equip the Science and Engineering building (the “S&E Building”), (ii) refund the Prior Bond outstanding in the principal amount of \$15,291,185 and terminate the Swap Agreement associated with the Prior Bond, (iii) pay capitalized interest on the Series 2017 Bonds and (iv) finance certain costs of issuance of the Series 2017 Bonds.

### **New Money Project**

The New Money Project consists of the reconstruction and renovation of the S&E Building and its associated courtyard located on the College’s campus at 807 Union Street in the City of Schenectady, Schenectady County, New York (the “Campus”), including the demolition of two of the five existing towers of the S&E Building, replacement of a one story connector between Butterfield Hall and Steinmetz Hall located on the Campus with a new three story connector, and construction of two additions to the S&E Building; and the acquisition and installation of various machinery and equipment, including, but not limited to, information technology network equipment.

The College has engaged EYP Architecture & Engineering PC to provide architectural services with respect to the New Money Project. EYP Architecture & Engineering PC has experience working with other higher education institutions and is headquartered in Albany, New York.

The College is in negotiations to enter into a construction contract with Turner Construction Company for the New Money Project. Turner Construction Company has experience working with other higher education institutions and will operate out of its office in Albany, New York in connection with the New Money Project.

See APPENDIX A — “Project Overview” for a more detailed description of the New Money Project.

### **Refunding**

The Prior Bond is expected to be repaid on the date of issuance of the Series 2017 Bonds. In connection with the termination of the Swap Agreement, the College will be required to make a termination payment to the counterparty approximately equal to the mark-to-market of the Swap Agreement, as determined by the counterparty. The amount of the termination payment will be determined as of the date of pricing of the Series 2017 Bonds. On the date of issuance of the Series 2017 Bonds, the College will use proceeds of the Series 2017 Bonds to make the termination payment to the counterparty and terminate the Swap Agreement. See APPENDIX A — “Financial Information—Interest Rate Swap” for more information about the Swap Agreement.

## SOURCES AND USES OF BOND PROCEEDS

The proceeds of the Series 2017 Bonds are expected to be used as follows:

### Estimated Sources of Bond Proceeds

Par Amount of Series 2017 Bonds	\$
Plus/Less Original Issue Premium/Discount	
Total Sources of Bond Proceeds	\$

### Estimated Uses of Bond Proceeds

Deposit to Project Fund	\$
Deposit to Capitalized Interest Account of Bond Fund	
Redemption of Prior Bond	
Swap Agreement Termination Payment	
Costs of Issuance <sup>(1)</sup>	
Total Uses of Bond Proceeds	\$

<sup>(1)</sup> Estimated amount to provide for Underwriter's discount, legal fees, Trustee fees, Issuer fees, printing fees and associated bond issuance costs related to the Series 2017 Bonds.

## BONDHOLDERS' RISKS

*The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2017 Bonds. Such discussion is not and is not intended to be exhaustive, should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2017 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement. Purchasers of the Series 2017 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks or other financial institutions or certain recipients of Social Security benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Series 2017 Bonds. See "TAX MATTERS" herein.*

### General

The Series 2017 Bonds are payable from payments to be made by the College under the Loan Agreement. The ability of the College to comply with its obligations under the Loan Agreement depends primarily upon the ability of the College to continue to attract sufficient tuition-paying students to its educational programs, to obtain sufficient revenues from related activities and to maintain sufficient creditworthiness. The College expects that revenues derived from its ongoing operations, together with other available resources, will at all times be sufficient to make the required payments on the Loan Agreement and the College will covenant under the Loan Agreement to make all such payments when due. There are certain risks, however, which might prevent the College from obtaining sufficient revenues from tuition and other sources to meet all of its obligations, including its obligations under the Loan Agreement. Purchasers of the Series 2017 Bonds should bear in mind that the occurrence of any number of events could adversely affect the ability of the College to generate such revenues. Future economic, demographic and other conditions, including the demand for educational services, the ability of the College to provide the services required by students, economic developments in the County and competition from other educational institutions, together with changes in costs, may adversely affect revenues and expenses and, consequently, the ability of the College to provide for payments. The future financial condition of the College could also be adversely affected by, among other things, legislation and regulatory actions, and a number of other conditions which are unpredictable.



## **Uncertainty of College Revenues and Expenses**

The ability of the College to realize revenues in amounts sufficient to meet its obligations relating to the Series 2017 Bonds is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. No representation or assurance is given or can be made that revenues will be realized by the College in amounts sufficient to meet its obligations relating to the Series 2017 Bonds.

The College is subject to the same competitive pressures that affect other private colleges and universities. Changing demographics may mean a smaller pool of college-bound persons from which to draw entering classes. Greater competition for students together with rising tuition rates may mean that the College will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified faculty and administrators may mean higher expenditures for salaries and administrative costs.

The College competes for students generally with colleges and universities located elsewhere in New York State and throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition than the College. Recently, New York State announced its new Excelsior Scholarship Program which provides free tuition for New York students who attend SUNY and CUNY schools provided that their families meet certain income requirements. The College currently does not expect there to be an adverse effect on its enrollment or revenues due to the Excelsior Scholarship Program.

In addition, other educational institutions may in the future expand their programs in competition with the programs offered by the College. Increased competition from other educational institutions (including the availability of online courses and programs) or a decrease in the student population interested in pursuing higher education could have a material adverse economic impact on the College.

Other factors that may also adversely affect the operations of the College, although the extent cannot be presently determined, include, among others: (1) changes in the demand for higher education in general or for programs offered by the College in particular; (2) a decrease in availability of student loan funds or other student financial aid; (3) reductions in funding support from donors or other external sources; (4) a decline in research funding, including research funding from the U.S. government; (5) risks relating to expansions or construction projects undertaken by the College, including risks relating to construction and operation; (6) an increase in the costs of health care benefits, retirement plan or other benefit packages offered by the College to its employees and retirees; (7) a significant decline in the College's investments based on market or other external factors; (8) cost and availability of energy; (9) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (10) an increase in the cost of outstanding variable rate debt or short-term borrowings the College periodically uses to fund operations; (11) risks associated with interest rate hedges, including obligations to post collateral or counterparty risk; (12) increased costs and decreased availability of public liability insurance; (13) litigation; (14) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; and (15) natural disasters, which might damage the College's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities. Neither the Underwriters nor the College has made any independent investigation of the extent to which any such factors may have an adverse impact on the revenues of the College.

## **Environmental Laws and Regulations**

The College is subject to a wide variety of federal and State environmental, health and safety laws and regulations. In the role of an operator of properties or facilities, the College may be subject to liability for investigating and remedying any hazardous substances that have come to be located on its property, including any such substances that may have migrated off of its property. As such, educational operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations.

At the present time, the College is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental, health or safety issues which, if determined adversely to the College, would have material adverse consequences to the operations or financial condition of the College.

**Risks of Early Payment**

The Series 2017 Bonds may be required to be paid prior to maturity upon optional or extraordinary redemption (as described under “THE SERIES 2017 BONDS” herein) and upon an acceleration following the occurrence of certain Events of Default under the Indenture and the Loan Agreement. If the Series 2017 Bonds become due upon an acceleration, interest on the Series 2017 Bonds shall cease to accrue on the date of the accelerated payment and no premium would be payable.

**No Collateral**

The Series 2017 Bonds are payable solely from amounts payable by the College under the Loan Agreement. No mortgage lien on or security interest in any property of the College has been granted to secure payment of the Series 2017 Bonds.

**No Debt Service Reserve Fund**

The payment of principal of, redemption price of and interest on the Series 2017 Bonds will not be secured by a debt service reserve fund.

**No Financial Covenants**

The Loan Agreement does not provide for financial covenants to be satisfied by the College with respect to the incurrence of additional indebtedness by the College.

**Financial Assistance**

The amount of available financial assistance is a significant factor in the decision of many students to attend a particular college or university. Approximately 79% of the College’s undergraduate students receive some form of financial assistance from the College. The level of financial assistance is directly affected by funding levels of federal, state and other financial aid programs. Any significant reduction in the level of financial assistance offered to prospective students could reduce the number of students enrolling at the College.

**Investment Income**

The College’s endowment funds are professionally managed by outside asset management firms. Committees of the Board of Trustees periodically review the asset allocation of the investment pool in the context of the primary financial objective to provide funds for the current and future operations of the College, including its programs and affiliates. An equally important objective is the financial goal of preserving and enhancing the endowment fund’s inflation-adjusted purchasing power, while providing a relatively predictable, stable and continuous stream of income. Although the unrestricted portion of the College’s endowment funds and the payout therefrom are available for debt service payments on the Series 2017 Bonds, no assurance can be given that unforeseen developments in the securities markets will not have an adverse effect on the market value of those investments and the income generated therefrom.

**Fund Raising**

The College has raised funds to finance its operations and capital development programs from a variety of benefactors. Although it plans to continue those efforts in the future, there can be no assurance that those efforts will be successful. Such efforts may be adversely affected by a number of factors, including general economic conditions and tax law changes affecting the deductibility of charitable contributions.

**Risks as Employer**

The College is a major employer, combining a complex mix of tenured and untenured full-time faculty, part-time faculty, technical and clerical support staff, maintenance and other types of workers in a single operation. As with all large employers, the College bears a wide variety of risks in connection with its employees. These risks

include strikes and other related work actions, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

### **Changes in Law**

Changes in law may impose new or added financial or other burdens on the operations of the College. Developments may include: (i) legislative or regulatory requirements for maintaining status as an organization exempt from taxation as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”); or (ii) challenges to State and local exemptions from real property tax and other taxes. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations will not materially adversely affect the operations and financial condition of the College by requiring it to pay income or real property taxes (or other ad valorem taxes).

### **Event of Taxability**

If the College does not comply with certain covenants set forth in the Loan Agreement or if certain representations or warranties made by the College in the Loan Agreement or in certain certificates of the College are false or misleading, the interest paid or payable on the Series 2017 Bonds may become subject to inclusion in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds, regardless of the date on which such noncompliance or misrepresentation is ascertained. In the event that the interest on the Series 2017 Bonds becomes subject to inclusion in gross income for federal income tax purposes, the Indenture does not provide for payment of any additional interest on the Series 2017 Bonds, the redemption of the Series 2017 Bonds or the acceleration of the payment of principal on the Series 2017 Bonds.

### **Maintenance of 501(c)(3) Status**

The federal tax-exempt status of the Series 2017 Bonds presently depends upon maintenance by the College of its status as an organization described in Section 501(c)(3) of the Code. The College qualifies as a tax-exempt organization described in Section 501(c)(3) of the Code. To maintain such status, the College must conduct its operations in a manner consistent with representations previously made to the IRS and with current and future IRS regulations and rulings.

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the College to charge and collect revenues, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2017 Bonds. Although the College has covenanted to maintain its status as a tax-exempt organization, loss of tax-exempt status would likely have a significant adverse effect on such organization and its operations and could result in the includability of interest on the Series 2017 Bonds in gross income for federal income tax purposes retroactive to their date of issue. See “TAX MATTERS” herein.

The tax-exempt status of nonprofit corporations, and the exclusion of income earned by them from taxation, has been the subject of review by various federal, state and local legislative, regulatory and judicial bodies. This review has included proposals to broaden and strengthen existing federal tax law with respect to unrelated business income of nonprofit corporations.

There can be, however, no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the College by requiring it to pay income, real estate or other taxes.

The status of the College as an organization described under Section 501(c)(3) of the Code is one of the bases for the exemption afforded the Series 2017 Bonds from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”). Should the College lose its status under Section 501(c)(3) of the Code, the holder of

the Series 2017 Bonds could be precluded from selling the Series 2017 Bonds absent the application of a separate exemption from the registration requirements of the Securities Act.

### **Tax Audits**

Taxing authorities have recently been conducting tax audits on non-profit organizations to confirm that such organizations are in compliance with applicable tax rules and in some instances have collected significant payments as part of the settlement process. The College is not currently under audit.

### **Additional Bonds**

Additional indebtedness may be incurred by the College and may be secured by the issuance of the Additional Bonds under the Indenture secured on a parity with the Series 2017 Bonds and all other Bonds issued under the Indenture. See APPENDIX C — “Glossary and Summaries of Certain Provisions of Certain of the Financing Documents.”

### **Certain Matters Relating to Enforceability of the Loan Agreement**

The obligation of the College to make payments on the Loan Agreement will be limited as the obligations of debtors typically are affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or by equitable principles affecting the enforcement of creditors’ rights. The College may file for the reduction or elimination of its debts in a proceeding under the federal Bankruptcy Code, which could include provisions modifying, eliminating or altering the rights of creditors generally, or any class of them, secured or unsecured. If the College should file a plan of reorganization (“Plan”), when confirmed by the court, such Plan binds all creditors who had notice or knowledge of the Plan and discharges all claims against the debtor provided for in the Plan. No Plan may be confirmed unless certain conditions are met, among which are that the Plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the Plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the Plan are cast in its favor. Even if the Plan is not so accepted, it may be confirmed if the court finds that the Plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

In addition, there exists common law authority and authority under State statutes for the ability of the State courts to terminate the existence of a not-for-profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court’s own motion or pursuant to a petition of the State Attorney General or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

### **Construction Risk**

Construction of the New Money Project is subject to ordinary risks associated with new construction, such as risks of cost overruns, non-completion and delays due to a variety of factors, including, among other things, site difficulties, necessary design changes or final detailing, labor shortage or strife, delays in and shortages of materials, weather conditions, fire and casualty. Any delays in construction may adversely impact the College’s ability to complete the New Money Project by the expected completion date, which may result in, among other things, cost overruns.

### **Factors Generally Affecting Higher Educational Institutions**

The following factors, which are not all-inclusive, may adversely affect the operations of higher educational institutions in the future, including the operations of the College, to an extent that cannot be determined at this time.

1. The reduced demand for private higher education or other services arising from a change in demographics, or from continued adverse or declining economic conditions in the areas from which the College draws a significant portion of its enrollment.
2. Cost increases without corresponding increases in revenue could result from, among other factors, increases in the salaries, wages and fringe benefits of higher education employees and inflation.
3. Future legislation and regulations affecting private colleges and universities, their tax-exempt status, and educational institutions in general could adversely affect the operations of the College.
4. The College's need to fund financial aid and the availability of student loans and financial aid in general.
5. International events, including any acts of war and terrorism, which may have adverse effects on enrollment and investments.
6. Immigration reform and restrictions which may have an adverse effect on enrollment.
7. Market conditions that negatively affect the College's investments and therefore may adversely affect its debt coverage and endowment spending.
8. Cybersecurity risks related to breaches of the College's information technology systems or computer viruses and inadvertent disclosure of confidential student and other information.
9. The Internal Revenue Code of 1986, as amended, places certain limitations on the ability of educational institutions to finance certain projects, invest bond proceeds and advance refund prior tax-exempt bond issues. These limitations may increase the interest costs and restrict the use of tax-exempt bonds for future borrowing by the College.

#### **Secondary Market for the Series 2017 Bonds**

There can be no assurance that there will be a secondary market for purchase or sale of the Series 2017 Bonds. From time to time there may be no market for the Series 2017 Bonds depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the College's capabilities and the financial condition and results of operations of the College.

#### **Hedging Transactions**

As described above under "DEBT SERVICE REQUIREMENTS" and in APPENDIX A — "Certain Information Concerning the College—Outstanding Indebtedness," the College entered into the Swap Agreement in connection with the Prior Bond (the "Swap Agreement"). Under certain circumstances, the Swap Agreement could terminate prior to its stated termination date. It is anticipated that the College will terminate the Swap Agreement upon the payment of the Prior Bond, which is currently expected to take place on the date of issuance of the Series 2017 Bonds. The College will also make a swap termination payment at such time. See "THE PROJECT AND PLAN OF FINANCE — Refunding" herein.

Additionally, the College may from time to time enter into other hedging arrangements to hedge the interest payable or manage interest cost on certain of its indebtedness, assets, or other derivative arrangements. Changes in the market value of such agreements could have a negative impact on the College's operating results and financial condition, and such impact could be material. Such future hedging agreements may be subject to early termination upon the occurrence of certain events. If the College or the counterparties terminate any hedging agreement entered into in the future when such agreement has a negative value to the College, the College could be obligated to make a substantial termination payment, which could materially adversely affect the financial condition of the College.

## CONTINUING DISCLOSURE OBLIGATIONS

No financial or operating data concerning the Issuer is material to any decision to purchase, hold or sell the Series 2017 Bonds and the Issuer will not provide any such information. In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the U.S. Securities and Exchange Commission (the “SEC”), the College has undertaken all responsibilities for any continuing disclosure to Bondholders as provided below, and the Issuer shall have no liability with respect to such disclosures.

The College will covenant for the benefit of Bondholders to provide certain financial information and operating data relating to the College by not later than November 15 of each year commencing November 15, 2017 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed with the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. This undertaking has been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

The College did not provide its audited financial statements or annual operating information for fiscal year 2012 in a timely manner. The College has put in place internal controls to assist in making sure that all future filings will be made in a timely and complete manner, including hiring Digital Assurance Certification, L.L.C. as disclosure dissemination agent.

On the date of delivery of the Series 2017 Bonds, the College and the Trustee will enter into the Continuing Disclosure Agreement substantially in the form attached hereto as APPENDIX E — “Form of Continuing Disclosure Agreement.”

## TAX MATTERS

In the opinion of Barclay Damon, LLP, Bond Counsel, under existing law and assuming compliance by the Issuer and the College with certain covenants and the accuracy and completeness of certain representations made by the Issuer and the College, interest on the Series 2017 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that, under existing statutes, interest on the Series 2017 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See APPENDIX D — “Form of Opinion of Bond Counsel for the Series 2017 Bonds.”

The Code imposes various requirements that must be met in order that interest on the Series 2017 Bonds be and remain excluded from gross income for Federal income tax purposes. Failure to comply with the requirements of the Code may cause interest on the Series 2017 Bonds to be included in gross income for purposes of Federal income tax retroactive to the date of original execution and delivery of the Series 2017 Bonds, regardless of the date on which the event causing such inclusion occurs. The Issuer and the College have covenanted in the Indenture, the Loan Agreement and the Tax Compliance Agreement to comply with the requirements of the Code and have made representations in such documents addressing various matters relating to the requirements of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy of such representations made by the Issuer and the College.

Certain requirements and procedures contained or referred to in the Indenture, 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 Barclay Damon, LLP states that such firm, as Bond Counsel, expresses no opinion as to any Series 2017 Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Barclay Damon, LLP.

The excess of the principal amount of a maturity of a Series 2017 Bond over the issue price of such maturity of Series 2017 Bond (a “*Discount Bond*”) constitutes “original issue discount,” the accrual of which, to the extent

properly allocable to the Beneficial Owner thereof, constitutes “original issue discount” which is excluded from gross income for Federal income tax purposes. For this purpose, the issue price of a maturity of Series 2017 Bonds is the first price at which a substantial amount of such maturity of Series 2017 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). 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. Beneficial Owners of Discount Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Discount Bonds.

Series 2017 Bonds purchased, whether at original issuance or otherwise, at prices greater than the stated principal amount thereof are “**Premium Bonds**.” 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 Beneficial Owner of Premium Bonds may realize taxable gain upon disposition of such 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 a Beneficial Owner of Premium Bonds is treated as having received for Federal tax purposes (and an adjustment to basis). Beneficial Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of ownership of Premium Bonds.

Prospective purchasers of the Series 2017 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Series 2017 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.

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 2017 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.

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 2017 Bonds. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Bond Counsel’s judgment as to the proper treatment of the Series 2017 Bonds for Federal income tax purposes. It is not binding on the IRS or the courts. Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the Federal or state level, may cause interest on the Series 2017 Bonds to be subject, directly or indirectly, to Federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2017 Bonds for Federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series 2017 Bonds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Series 2017 Bonds may occur. Prospective purchasers of the Series 2017 Bonds should consult their own advisors regarding any pending or proposed Federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel’s engagement with respect to the Series 2017 Bonds ends with the issuance of the Series 2017 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the College or the Beneficial Owners of Series 2017 Bonds regarding the tax-exempt status of the Series 2017 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining

an independent review of IRS positions with which the Issuer legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2017 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 2017 Bonds, and may cause the Issuer, the College or the Beneficial Owners to incur significant expense.

#### **INDEPENDENT AUDITORS**

The financial statements for the College as of and for the years ended June 30, 2016, and 2015 set forth in Appendix B of this Official Statement, have been audited by KPMG LLP, independent auditors, as set forth in their report thereon appearing in Appendix B of this Official Statement.

#### **FINANCIAL ADVISOR**

Swap Financial Group LLC ("Swap Financial Group"), an independent financial advisory and consulting firm, has served as financial advisor to the College with respect to the issuance of the Series 2017 Bonds. As financial advisor, Swap Financial Group has assisted the College in matters relating to the planning, structuring and issuance of the Series 2017 Bonds, and provided other financial advice. Swap Financial Group is not obligated to make, and has not undertaken, an independent verification of any of the financial information contained in this Official Statement, including the Appendices hereto, and Swap Financial Group makes no guarantee as to the accuracy, completeness or fairness of such information.

#### **RATING**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "A1" to the Series 2017 Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from Moody's at 99 Church Street, New York, New York 10007. Generally, Moody's bases its ratings on the information and materials furnished it and on investigations, studies and assumptions of its own. 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 if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the owners of the Series 2017 Bonds any proposed revision or withdrawal of the rating of the Series 2017 Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2017 Bonds. Such rating should not be taken as a recommendation to buy or hold the Series 2017 Bonds.

#### **LITIGATION**

##### **The Issuer**

There is not now pending nor, to the knowledge of the Issuer, threatened any litigation questioning or affecting the validity of the Series 2017 Bonds or the proceedings or authority under which the Series 2017 Bonds were issued. Neither the creation, organization or existence of the Issuer nor the title of any of the present members or other officers of the Issuer to their respective offices is being contested. There is no litigation pending or, to its knowledge, threatened which in any manner questions the right of the Issuer to execute and deliver the Indenture or the Loan Agreement.

##### **The College**

There is not now pending nor, to the knowledge of the College, threatened any litigation restraining or enjoining the execution or delivery of the Financing Documents to which the College is a party or questioning or affecting the validity of such documents or the proceedings or authority under which such documents were authorized or delivered. Neither the creation, organization or existence of the College nor the title of any of the present members or other officers of the College to their respective offices is being contested. There is no litigation pending or, to its knowledge, threatened which in any manner questions the right of the College to enter into the Financing Documents



to which the College is a party or which would have a material adverse effect on the ability of the College to meet its obligations under the Loan Agreement.

### **LEGAL MATTERS**

All legal matters incident to the authorization and validity of the Series 2017 Bonds are subject to the approval of Barclay Damon, LLP, Bond Counsel, whose approving opinion will be delivered with the Series 2017 Bonds. Certain legal matters will be passed upon for the College by Barclay Damon, LLP. Certain legal matters will be passed upon for the Underwriter by Orrick, Herrington & Sutcliffe LLP.

### **UNDERWRITING**

Goldman, Sachs & Co. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Series 2017 Bonds from the Issuer. The Underwriter's obligations are subject to certain conditions precedent set forth in the Purchase Contract, and, if these conditions are met, the Underwriter will be obligated to purchase all the Series 2017 Bonds if any of the Series 2017 Bonds are delivered at a purchase price of \$ \_\_\_\_\_, which represents the par amount of the Series 2017 Bonds, plus/minus an original issue premium/discount of \$ \_\_\_\_\_ and less the Underwriter's Discount of \$ \_\_\_\_\_. The Series 2017 Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into unit investment trusts) at prices lower than the public offering prices as set forth on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following information to the College for inclusion in this Official Statement. The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates have provided, and may in the future provide, a variety of these services to the College and to persons and entities with relationships with the College, for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the College (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the College. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing with regard to the Series 2017 Bonds is to be construed as a contract with the holders of the Series 2017 Bonds.

### **SCHENECTADY COUNTY CAPITAL RESOURCE CORPORATION**

By: \_\_\_\_\_  
Gary Hughes  
Chairman

### **THE TRUSTEES OF UNION COLLEGE IN THE TOWN OF SCHENECTADY IN THE STATE OF NEW YORK**

By: \_\_\_\_\_  
Diane Blake  
Vice President for Administration and Finance

**APPENDIX A**

**CERTAIN INFORMATION CONCERNING THE COLLEGE**

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## **APPENDIX A**

### **CERTAIN INFORMATION CONCERNING THE COLLEGE**

#### **GENERAL INFORMATION**

##### **Introduction**

The Trustees of Union College in the Town of Schenectady in the State of New York (a/k/a Union College) (the “College” or “Union”) is an independent, coeducational, undergraduate liberal arts college committed to individual development through learning. Union traces its beginnings to 1779, and in 1795 it became the first college chartered by the Regents of the State of New York. The College is one of 25 institutions of higher education in the country founded before 1800 and is one of the oldest nondenominational colleges.

##### **Educational Programs**

The College offers studies in the humanities, the social sciences, the sciences, the arts and engineering. The curriculum, which has a wide range and balance across areas of study, offers breadth and depth as students explore particular disciplines and interdisciplinary subjects. The curriculum and student life are designed to educate students to live and work in a global, diverse, and technologically-complex society.

The College has a tradition of curricular innovation dating back to its founding in 1795. In the 19<sup>th</sup> century, the College pioneered the introduction of science, modern languages and engineering into the undergraduate curriculum. More recently, the College has made advances in general education, interdisciplinary study, international programs and undergraduate research. A tradition of curricular innovation continues as the College pioneers ways to conceive of engineering as an integral component of the liberal arts and as students are introduced to computational methods, community-based learning, entrepreneurship and ethical understanding in courses across the curriculum. The College prides itself on bringing together faculty from diverse academic backgrounds in order for students to gain mastery of a wide range of disciplines, as well as understanding how different disciplines approach particular questions. Union believes that students prepared in this way are ready to communicate, work and think within and beyond their area of specialty. Many students study abroad as part of their education, often in programs led by College faculty, as well in programs of their own design.

A major may be centered in one of the College’s academic departments or a student may choose an interdepartmental major involving work in two or more departments, a formal interdisciplinary program, or a personally-designed “organizing theme major” that defines a central, unifying topic cutting across disciplinary lines. Students may also elect to take up to two minors.

The College is committed to ensuring that all students become good writers. The College’s Writing Across the Curriculum program represents a systematic effort to ensure that students pay close attention to writing in courses scattered throughout the curriculum. The first-year preceptorial is the foundation of the College’s writing requirements, while the sophomore research seminar provides a foundation of research skills for upper-class work.

## Accreditations

The College is accredited by the Middle States Commission on Higher Education, an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation. Union's programs in chemistry are certified by the American Chemical Society. The computer, electrical and mechanical engineering programs are accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (EAC/ABET), a specialized accrediting agency recognized by the Council for Higher Education Accreditation.

## Strategic Plan

Seeking to reaffirm the core values that have made a Union education distinct for more than two centuries, the College has reshaped its strategic plan (the "Strategic Plan") to help educate the next generation of students in a rapidly changing world. Unveiled in 2013, the Strategic Plan provides a blueprint that aims to strengthen and enhance Union's position as a highly selective national liberal arts college. Building on key strengths outlined in Union's 2007 strategic plan, the latest Strategic Plan can be summed up in three words: think, connect, act. The Strategic Plan focuses on students' ability to think broadly and strategically in all areas; the development of the way in which students make connections, both in and out of the classroom; and the fostering of a culture that encourages and provides opportunities to take action, academically and socially, as well as locally, regionally and globally.

Anchored by three foundations – academic quality, the learning environment and sustainable stewardship of resources – the Strategic Plan is also guided by three differentiators. These are: an academic village that reflects the diversity of the world; integrative thought and action for the 21st century; and a distinctive past connected to an innovative and creative future. Together, these elements aim to provide a roadmap to ensure that Union remains the college of choice for highly qualified students, faculty and staff.

As Union moves forward with the execution of the Strategic Plan, several capital projects are envisioned. These projects include upgrades to academic facilities, such as the Arts Building and the Science and Engineering complex. In addition, several projects are contemplated in the student life area, including improvements to existing residence halls and/or the construction of a new apartment style residence hall, dining center improvements and various other capital projects. Complementing these projects is a continued focus on reducing the deferred maintenance backlog. Having completed a \$258 million capital campaign, Union is currently in the silent phase of a \$300 million campaign with the first priority being the S&E Building (as defined herein).

## Governance

The governing body of the College is the Board of Trustees. The Board of Trustees holds title to the College's property, is responsible for the administration of the College and its funds, and determines the policies under which programs are offered. The chief executive officer is the president, who also serves as chancellor of Union University, comprising Union College, Albany Medical College (1839), Albany Law School (1851), Dudley Observatory (1852), Albany College of Pharmacy (1881), and Clarkson Graduate School (formerly known as Union Graduate College) (2003). Each institution has its own governing board and is responsible for its own programs. The Board of Governors of Union University serves both to advise and to expand the areas of voluntary cooperation.

In cooperation with Clarkson Graduate School, the College also offers five-year, two-degree programs leading to a bachelor's degree and a master's degree in selected fields. The College has an eight-year, three-degree program in cooperation with Albany Medical College and Clarkson Graduate School and a six-year, two-degree program in cooperation with Albany Law School. Until 2010, the College and Clarkson

Graduate School shared a campus and common leadership, and in 2010 Clarkson Graduate School became a separate entity.

The College campus comprises approximately one hundred thirty (130) acres, including eight acres of formal gardens and woodland. The College is the first in America that was developed from a formal campus plan, by Jacques Ramée in 1813. See “Properties and Facilities” herein.

### Governance

The College is governed by a 45-member Board of Trustees. The Governor of the State of New York, the President of the College and the Chairman of the President’s Council serve as ex-officio Trustees. The several categories of Trustees include Life Trustees, Term Trustees, Alumni Trustees, Faculty Trustees and Student Trustees. Term Trustees and Alumni Trustees are elected for four-year terms. Alumni Trustees must have attended the College and be carried on the College rolls as an alumnus or alumna and members of the Alumni Council, which elects Alumni Trustees, must meet the same qualifications. Trustees Emeriti may participate in meetings, but do not vote. The Board of Trustees regularly meets in October, February, and May, and at other times as necessary. In addition, the Executive Committee, which is authorized to act for the Board of Trustees, meets three times a year.

The current members of the Board of Trustees are:

#### **Executive Committee:**

- John E. Kelly, III – Chairman of the Board of Trustees, IBM Corporation, Yorktown Heights, NY
- Stephen C. Ainlay – President, Union College, Trustee ex-officio, Schenectady, NY
- Robert Bertagna – Macquarie Capital, New York, NY
- David Breazzano – DDJ Capital Management, LLC, Waltham, MA
- David L. Henle – DLH Capital, LLC, New York, NY
- Douglass Karp – New England Development, Newton, MA
- Frank L. Messa – Retired, Saratoga, NY
- Stanley O’Brien – Retired, Milton, MA
- Ellen Smith – FTI Consulting, Boston, MA
- Kelly M. Williams – GCM Grosvenor Private Markets, New York, NY

#### **Life Trustees:**

- Stephen J. Ciesinski – SRI International, Menlo Park, CA
- David Breazzano\* – DDJ Capital Management, LLC, Waltham, MA
- Neil M. Golub – Price Chopper Supermarkets/Golub Corporation, Schenectady, NY
- Frank L. Messa\* – Retired, Saratoga, NY
- Norton H. Reamer – Unicorn Corporation, Boston, MA

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\* Member of the Executive Committee.

**Term Trustees:**

- Robert Bertagna\* – Macquarie Capital, New York, NY
- Thomas J. Coleman – Kensico Capital Management Corp., Greenwich, CT
- Thomas G. Connolly – Goldman Sachs Merchant Banking Division, New York, NY
- Estelle Cooke-Sampson – Howard University Hospital, Washington, DC
- Judith G. Dein – U.S. Magistrate Judge, Boston, MA
- David L. Henle\* – DLH Capital, LLC, New York, NY
- Roy Jackson – Coca-Cola North America, The Coca-Cola Company, Atlanta, GA
- Adrian MacLean Jay – Random Acts of Flowers, Knoxville, TN
- Douglass Karp\* – New England Development, Newton, MA
- John E. Kelly, III\* – IBM Corporation, Armonk, NY
- Jennifer Lawton – Techstars, Boulder, CO
- James M. Lippman – JRK Property Holdings, Inc., Los Angeles, CA
- Guy T. Logan – Citigroup Global Markets, Inc., Atlanta, GA
- James M. Loree – Stanley Black & Decker, Inc., New Britain, CT
- Kathy E. Magliato – St. John's Health Center, Santa Monica, CA
- David Mixer – MiddleLand Capital, Miami Beach, FL
- Stanley O'Brien\* – Retired, Milton, MA
- Lawrence Pedowitz – Wachtell, Lipton, Rosen & Katz LLP, New York, NY
- William Perlstein – Chair, President's Council, Bank of Mellon, Alexandria, VA
- Ellen Smith\* – FTI Consulting, Boston, MA
- Julie Greifer-Swindler – Sony Music Entertainment, New York, NY
- James W. Taylor – Taylor Made Group, LLC, Gloversville, NY
- William Wicker – Venture Global LNG, Washington, D.C.
- Kelly M. Williams\* – GCM Grosvenor Private Markets, New York, NY

**Alumni Trustees:**

- Susanna Ryan Berger – PWC, New York, NY
- Betsy Modest Brand – Brandmark Studios, LLC, Ridgefield, CT
- Matthew H. Cohen – Digital Media & Technology Counsel, XO Group, Inc., New York, NY
- Michael Newell – Ener-G-Rotors, Inc., Rotterdam, NY

**Faculty Trustees:**

- Bradley Hays – Associate Professor of Political Science, Union College, Schenectady, NY
- Scott Kirkton – Associate Professor of Biology Department, Union College, Schenectady, NY

**Student Trustees:**

- Alexander Dolcimascolo '17
- Michael Lippman '18

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\* Member of the Executive Committee.



### **Trustee Emeriti:**

- Gerald Barandes – Danbury, CT
- Philip R. Beuth – Naples, FL
- Robert DeMichele – Strategy Asset Managers, LLC, Woodcliff Lake, NJ
- Robert B. Enemark – Ft. Myers, FL

### **Administration**

The principal officers/senior staff of the College are as follows:

- *Dr. Stephen C. Ainlay, President (65)*

Dr. Ainlay was appointed President of the College on July 1, 2006 and was appointed to his second term as President on July 1, 2011. Dr. Ainlay earned his B.A. degree from Goshen College. He received both his M.A. and Ph.D. degrees from Rutgers University. Before coming to the College, Dr. Ainlay was a member of the faculty at the College of the Holy Cross where he was promoted to the rank of full professor before joining the academic administration. He served as the Director of their Center for Interdisciplinary and Special Studies at Holy Cross for three years and as their Vice President for Academic Affairs and Dean of the College for ten years.

- *Diane Blake, Vice President for Administration and Finance (62)*

Ms. Blake, who has been at the College since 1987, was promoted to the position of Vice President of Finance in 1993 after serving as Chief Financial Officer. She received her B.B.A. from Siena College. Previously, she served as Budget Director for Rensselaer Polytechnic Institute.

- *Terry Cervený, Vice President for College Relations (57)*

Mrs. Cervený reports directly to the President of the College. She earned her B.A. at the University of Minnesota-Duluth. Prior to joining the College's administration, Mrs. Cervený was the Senior Vice President and Chief Development Officer for Albany Medical Center and the Albany Medical College (which is part of Union University). Before joining Albany Medical Center, Mrs. Cervený served as Senior Director of Institutional Advancement and Special Assistant to the President at the East West Institute in New York City. She also was a senior consultant to John Brown, Ltd., a consulting firm specializing in planned giving, where she managed the National Geographic account, among other responsibilities. Mrs. Cervený also spent 20 years at Rensselaer Polytechnic Institute, where she held a number of roles; including Acting Vice President for Institute Advancement and Assistant Vice President for Development and Alumni Relations. She also served as campaign director for the \$1 Billion Campaign for Rensselaer.

- *Gretchel Hathaway, Chief Diversity Officer and Coordinator (59)*

Dr. Hathaway reports directly to the President of the College. She is responsible for leading the College's Strategic Plan diversity initiatives with the Board, faculty and administrators. In addition, she supervises the Office of Multicultural Affairs that focuses on designing programming and workshops for students. She received her B.A. in psychology from Manhattanville College, her M.A. in psychology from Yeshiva University and her Ph.D. in Social Work from the University of Pittsburgh.

- *Stephen Leavitt, Vice President for Student Affairs and Dean of Students (57)*

Mr. Leavitt has been at the College since 1993, serving as a Professor of Anthropology before joining the administration in 2003. While at the College, he has also served as Co-director of the Union Scholars Program. Mr. Leavitt earned his B.A. from Swarthmore College and M.A. and Ph.D. degrees from the University of California, San Diego.

- *Matt Malatesta, Vice President for Admissions, Financial Aid, and Enrollment (48)*

Mr. Malatesta has been at the College since 2008. Prior to coming to the College, Mr. Malatesta was Director of Financial Aid at Hamilton College and previously worked in the Admissions Department at Hamilton College. Prior to that, he taught and worked in preparatory schools for more than nine years. Mr. Malatesta leads the Enrollment Committee at the College. Mr. Malatesta earned his B.A. and M.A.T. at Union College.

- *Strom Thacker, PH.D., Vice President for Academic Affairs and Dean of Faculty (50)*

Dr. Thacker became Vice President for Academic Affairs and Dean of the Faculty in July 2016. Dr. Thacker received his undergraduate degree from Pomona College where he was a member of Phi Beta Kappa. He received his MA. and Ph.D. from the University of North Carolina, Chapel Hill. He previously served as Professor of International Relations and Political Science in the Pardee School of Global Studies at Boston University and as the Associate Dean of the Faculty, Social Sciences, College of Arts and Sciences at BU. In that role, he was responsible for 8 departments and 15 interdisciplinary centers, involving 190 full-time tenured and tenure-track faculty and over 3,600 undergraduate and 800 graduate students. He had earlier served as the Director of the University's Latin American Studies Program.

In his role as Vice President of Academic Affairs and Dean of the Faculty, Dr. Thacker has overall responsibility for the academic program and services as well as the Departments of Athletics and Information Technology Services.

### Properties and Facilities

Established in 1795, the campus of the College sits on approximately 130 acres in the heart of the city of Schenectady, New York. The College has the distinction of being the first planned campus in America, as well as the first to offer its undergraduates a combination of both liberal arts and engineering as areas of study.

The campus includes over 1.9 million gross square feet of space within its 108 buildings. Residential buildings are located mostly on the perimeter of the campus, with the academic core and the historic Ramée area at its central points. The Ramée area, with its open lawns, mature tree-lined walks and historic buildings, is the focal point of the College. Located in the center of the Ramée area is the Nott Memorial, the College's signature building and National Historic Landmark. Completely renovated in 1995, the building is used as an assembly space and student study space, as well as the home of the Mandeville Gallery. The building's dome has 750 illuminators that contain colored glass lenses visible from the floor below. Jackson's Garden, an 8-acre area of formal gardens and woodland, also lies within the College campus footprint.

There are 893,585 gross square feet of residence hall space on campus, providing housing for 1,950 of the College's 2,200 undergraduate students. The College provides a wide range of housing opportunities for its students including Theme, Greek, Minerva, apartment style and independent residence halls within 48 buildings. In 2000, the College began purchasing houses in the College Park neighborhood and renovating them for student apartments. At the present, approximately 90% of the College's students live in College-

owned and operated residence halls, as well as fraternity and sorority houses. To date there are 39 properties owned by the College within the neighborhood for student apartments, faculty/staff apartments, and the Kenny Community Center. The Kenny Community Center houses community outreach, Big Brothers/Big Sisters and other programs under which College students tutor neighborhood children.

In 2003, the College purchased a Ramada Inn close to campus and the vacant brownfield land surrounding it. The former hotel was completely renovated into what is now College Park Hall, a student residence and conference center. The project is qualified for LEED certification, and won the New York State Builders Award in the renovation category in 2004. The brownfield land surrounding the former hotel was converted into a synthetic turf soccer complex. This project was the first privately-funded brownfield conversion in New York State.

In 2004, the College unveiled an innovative residence life social/living/learning program called the Minerva House System. As part of that system five residence halls were completely renovated into seven Minerva houses. Within each house, the first floor includes generous amounts of social space, a full kitchen, an office, a reading room and a seminar room. Freshman preceptorial classes are taught in the electronic seminar space each week of the term. Every student of the College belongs to a house and has the option of living there at one point during their academic career at the College. The houses are self-governed, requiring budget management as well as sponsoring social and academic events with the assistance of a faculty advisor. All residence halls have state-of-the-art communication and data capabilities.

The College has experienced steady growth in its physical plant. Major academic buildings include Schaffer Library; the F. W. Olin Center, a high-technology classroom and laboratory building; the Science and Engineering Center, a complex of connected buildings; the Peter Irving Wold Center; an interdisciplinary LEED Gold science building which includes undergraduate and faculty research spaces, as well as the Kelly advanced computing lab; Butterfield Hall, which includes the newly renovated third floor Center for Neuroscience; Lippman Hall, the Social Sciences Building; Karp Hall, the Humanities building; the Visual Arts Building (renovation to begin in 2015); the Taylor Music Center, which includes the Emerson Auditorium and academic spaces for music; the Morton and Helen Yulman Theater, which is used for performances, rehearsals, and classes; the Henle Dance Pavilion, which is used for classes, rehearsals, and performances, and the Nott Memorial, a 16-sided national historic landmark that is the physical and cultural center of campus.

There are 22 academic buildings on campus totaling 632,037 square feet of academic space. Since 1994, the College has completed 494,350 square feet of large-scale renovation and newly constructed projects at a total cost of \$135,800,000. In 1997, the Schaffer Library was completely renovated, and a 50,000 square foot addition was constructed. The building is state-of-the-art, including computer areas, the Language Center, Media Services, the Writing Center, Special Collections/Archives, as well as an extensive collection of books and periodicals. In 1998, the construction of the F.W. Olin Center was completed, consisting of a 50,000 square foot building housing the Geology Department, a large lecture hall, computer classrooms, chemistry labs, and an observatory for the physics department. The building design combines contemporary aesthetics with the traditional architecture that is prevalent throughout the College's campus. The project was funded by one of the largest grants ever given by the F.W. Olin Foundation. In 2006, the College completed a substantial renovation to Butterfield Hall, converting the first and second floors into laboratory space for mechanical engineering, including a 10,000 square foot clean room, a mechanical testing lab, a composite manufacturing lab, a materials classroom and a bioengineering center. In 2011, the 3rd floor of Butterfield Hall was renovated with funding from the National Science Foundation for the Center for Neuroscience. In 2006, the Taylor Music Center was completed, a 13,500 square foot project consisting of the renovation of the North Colonnade building originally built in 1814. Converted for the College's Music Department, it includes a 120-seat recital hall addition, practice rooms, computer classrooms, faculty offices, an electronic seminar room, and a world music room. The sound attenuation technology within the building is recording

studio quality. In 2011, the Peter Irving Wold Center, a 40,000 gross square foot new science building that is attached to both the Olin Center and the Science and Engineering Center, was completed. With a project cost of \$19,000,000, the Wold Center features state-of-the-art research laboratories, electronic classrooms, and advanced computing labs, study spaces and faculty offices. It is an interdisciplinary building and its public spaces are designed to facilitate the free flow of people and ideas and collaboration among the different disciplines of the College. In 2012, the 24,000 gross square foot Social Sciences Building was renovated as Lippman Hall. The first and second floors were completely reconfigured with a lobby open to the second floor, new electronic classrooms, student study spaces, faculty offices and the addition of a new elevator. Also in 2012, the Lamont House Renovation Project was completed. The 11,000 gross square foot building was completely renovated, including the reconfiguration of all four floors as well as the replacement of the main front porch. The interior space includes offices for the Anthropology, Classics, Philosophy, and Religious Studies, as well as student/ faculty meeting space and one classroom. The cost of the renovation project was \$2,300,000. In 2013, the Henle Dance Pavilion was constructed as an addition to the Yulman Performing Arts Center. Located on the edge of Jackson's Garden the 7,400 gross square foot building includes an open lobby with dramatic garden views, a 3,000 square foot dance studio/performance space, a costume shop that services both the dance and theater departments, and offices for faculty. In 2014, The Humanities building was completely renovated into what is now Karp Hall. All three floors were completely reconfigured to include electronic classrooms, seminar rooms, a performance classroom, open student study space, and faculty offices. In 2016, the addition and renovation of the Feigenbaum Center for Visual Arts was completed. This project, which now completes the renovations to all of the fine arts space at Union, provides completely new studios for all areas within the Visual Arts department, new classroom/lecture space, gallery space, faculty offices and individual student work spaces. This state of the art facility has a new three story 7,000 square foot addition and completely renovated existing space totaling 38,000 square feet at a cost of \$8,600,000.

In 2000, an athletic master plan was completed to address the needs of the existing 218,945 square feet of athletic space. To date, 90% of the needs identified in the plan have been completed, including a 1,500-seat stadium on Frank Bailey Field completed in 2001. Other projects were the renovation of Messa Rink at the Achilles Center for \$1,500,000 in 2004 and the construction of the Vinjar Athletic Center, a 1,000-seat, 25,000 square foot building for basketball at a cost of \$3,200,000. The most recent project under the athletic master plan was completed in the spring of 2006 and involved the renovation/conversion of the old basketball gymnasium in Alumni Gym into a state-of-the-art athletic fitness center. This project provided a much-needed recreational space for the College community, and includes an 8,000 square foot cardio/nautilus area on the main level complete with high level equipment; plasma wall-mounted televisions and a new open stair leading to the lower level free weight training area. The renovation/conversion to the new fitness center, costing \$1,800,000, also included the creation of an additional aerobics room, offices and an HVAC upgrade for the entire area. In 2016, both the athletic turf field at Frank Bailey Field and the College Park Hall athletic field turf were replaced at a cost of \$1,300,000.

The 289,665 ground square feet of administrative and support space have had renovations as well, including the conversion of a former fraternity house into the Grant Hall Admissions Center for \$2,300,000 in 2001. The conversion of the former Parker Rice Estate and carriage house into the Abbe Hall Alumni Center in 2002 fulfilled a long-standing need for an alumni-gathering space. This historic renovation houses all of the College Relations Department. In 2006, the College renovated the McKean House, a former fraternity house, into office space for a portion of the College Finance Department. In 2013, the 7,200 gross square foot Wicker Wellness Center was completed for a cost of \$1,500,000. Constructed as an addition to the Alumni Gym building, the project included the addition and the reconfiguration of three existing squash courts into two floors of usable space for the Health Services and the Counseling Center. The spaces include a clinical area at the lower level for Health Services treatment, a large open lobby/waiting area, offices and meeting space, on the first floor, and on the second floor a waiting area, counseling rooms, and offices for the Counseling Center.

In 2016, the College brought a cogeneration plant online, which plant will include a gas driven steam turbine, heat recovery steam generator, duct-burning boiler and absorption chiller. The project was approved by the Board of Trustees to solve a power demand issue from the College's utility supplier and to accommodate the College's campus sustainability goals while achieving utility savings for the College. The plant will produce 70% of the campus' electricity, nearly 95% of the heating required and 75% of the cooling load for the campus. The project was completed in the fall of 2016 and was financed by the College through its 2013 issuance of taxable bonds.

Upgrades in the student life area are in various planning stages. Student dining will be consolidated into one area by the removal of first year dining at West College, and bringing that function to the Reamer Campus Center. In order to support the additional diners, planning is underway to construct additional space onto the existing building as well as significantly reconfigure the existing dining area and connecting spaces within the building. Once completed, West College residence Hall will be renovated, adding much needed student multipurpose space within the former dining areas of the building.

### **PROJECT OVERVIEW**

The New Money Project to be financed with proceeds of the Series 2017 Bonds consists of the reconstruction and renovation of the Science and Engineering building (the "S&E Building") and its associated courtyard located on the College's campus, the demolition of two of the five existing towers consisting of approximately 56,500 square feet which currently are part of the S&E Building, replacement of a one story connector between Butterfield Hall and Steinmetz Hall located on the campus with a new three story connector, and construction of two additions to the S&E Building, which additions are expected to total approximately 78,900 square feet, all to modernize and upgrade the existing educational facility for use by the College; and the acquisition and installation of various machinery and equipment, including, but not limited to, information technology network equipment.

Three sections of the existing S&E Building will be completely renovated, and the two demolished towers will be replaced by an outdoor quad. When completed, the S&E Building space will total 142,000 square feet and will house state-of-the-art laboratories, classrooms, collaborative learning spaces for students and faculty, and faculty offices. The completed S&E Building space is designed to LEED standards. Departments will have contiguous floor plans and will share corridors and instrumentation. The centerpiece of the renovated S&E Building will be a four-story light well. Several general use classrooms will be available for liberal arts classes as well as science and engineering. In addition, the S&E Building complex will include new outdoor walkways, seating areas and expanded green space. The renovated S&E Building space will connect directly to the Wold Center, Bailey Hall, Butterfield Hall and Steinmetz Hall.

The New Money Project has a total estimated cost of approximately \$90 million. To date, the College has fundraised approximately \$50 million to support the New Money Project. The College is in negotiations to enter into a construction contract with Turner Construction Company, operating out of its Albany, New York office. The architect for the New Money Project is EYP Architecture & Engineering PC of Albany, New York. Groundbreaking is expected to occur in May 2017, with the addition phase expected to be completed for fall term 2018 and the renovation of the existing sections expected to be completed by fall 2019. Management believes that all permits necessary for completion of the New Money Project have been obtained or will be obtained in the ordinary course.

Proceeds of the Series 2017 Bonds also will be used to refund the outstanding Prior Bond and terminate the associated Swap Agreement. See the forepart of this Official Statement under "THE PROJECT AND PLAN OF FINANCE" for more information regarding the New Money Project, refunding of the Prior Bond and termination of the Swap Agreement.

## OPERATING INFORMATION

### Admissions

The College became coeducational in 1970 and approximately 46% of the current undergraduates are women. About 5,996 applicants sought admission to the freshmen class for the Class of 2019, which matriculated in the fall of 2015. Approximately 87% of each year's freshmen come from the top 25% of their secondary school class.

The following tables show selected freshmen admissions data for the past five years.

#### **Freshman Admission**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Total Applications	5,151	5,565	5,725	5,406	5,996
Acceptances	2,197	2,127	2,134	2,223	2,297
Acceptance Rate	43%	38%	37%	41%	38%
Number Enrolled	572	591	559	570	568
Yield	26%	28%	26%	29%	25%

#### **Geographic Distribution of Incoming Freshmen**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
New York State	34%	37%	28%	27%	31%
Massachusetts	21%	25%	20%	25%	23%
Connecticut	13%	13%	12%	11%	11%
New Jersey	7%	6%	8%	10%	7%
Maine	-	1%	2%	1%	1%
New Hampshire	2%	2%	2%	2%	2%
California	-	1%	2%	3%	2%
United States - Other	17%	6%	20%	14%	15%
International	<u>5%</u>	<u>8%</u>	<u>8%</u>	<u>7%</u>	<u>8%</u>
Total	100%	100%	100%	100%	100%

The table below presents the average SAT scores for entering freshmen for the past five academic years. Beginning with the fall of 2007, submission of the SAT and ACT examinations became optional for admission to the College.

#### **Freshmen Average SAT Scores**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Average SAT Verbal	640	640	640	640	640
Average SAT Math	660	660	670	670	680
Average SAT	1300	1300	1310	1310	1320
Percent submitting scores	50%	46%	45%	45%	49%

The College competes for admission with a number of top ranked national liberal arts colleges and universities. The schools with which the College has an applicant overlap vary from year to year. However, the core group of consistent competitors includes, in rank order (based on the number of applications that overlap schools): Rensselaer Polytechnic Institute, Cornell University, University of Rochester, University of Vermont, Hamilton College, Lehigh University, and Lafayette College.

### Enrollment

Over the past ten years, the full-time undergraduate student enrollment has been maintained at a relatively consistent average level of approximately 2,169, which is in accordance with College plans. In addition to full-time undergraduate students, the College has a relatively small number of part-time undergraduate students. Enrollment numbers below include exchange students, non-matriculating students, as well as full-time degree seeking students.

The following table presents a summary of enrollment at the College for the past five years.

#### **Enrollment Summary (Opening Fall Enrollment Numbers)**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Full-time Undergraduate	2,194	2,209	2,225	2,228	2,226
Part-time Undergraduate	26	32	21	14	43
Total Headcount	2,220	2,241	2,246	2,242	2,269
Total Full-Time Equivalent	2,203	2,221	2,234	2,233	2,243

The following table presents undergraduate retention rates for the past five years.

#### **Undergraduate Retention Rates**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Freshman to Sophomore	93.5%	91.7%	90.3%	92.6%	91.5%
Freshman to Junior	88.8	89.3	85.7	87.0	-*
Freshman to Senior	85.3	81.0	81.6	-*	-*

\* Data is not yet available.

The following table presents most popular majors for the past five years.

**Most Popular Majors (by degrees awarded)**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>First</b>	Biology	Psychology	Economics	Economics	Economics
<b>Second</b>	Psychology	Economics	Psychology	Political Science	Mechanical Engineering
<b>Third</b>	Political Science	Biology	Biology	Psychology	Psychology
<b>Fourth</b>	Economics	Mechanical Engineering	Mechanical Engineering	Mechanical Engineering	Political Science
<b>Fifth</b>	History	History	Political Science	Biology	Neuroscience

The following table presents the number of bachelor's degrees conferred for the past five years.

**Bachelor's Degrees Conferred**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>Total</b>	539	488	515	511	572

**Tuition and Other Student Charges**

Tuition and basic fees for the College for the past five fiscal years are shown below:

**Tuition/Fees/Room and Board**

<u>Year</u>	<u>Tuition</u>	<u>Room</u>	<u>Board</u>	<u>Subtotal</u>	<u>% Increase</u>	<u>Activity Fee</u>	<u>House System Fee</u>	<u>Total</u>	<u>% Increase</u>
2011-12	\$43,131	\$5,850	\$4,821	\$53,802	3.75	\$351	\$120	\$54,273	3.71
2012-13	44,748	6,069	5,001	55,818	3.75	351	120	56,289	3.71
2013-14	46,314	6,225	5,178	57,717	3.40	351	120	58,188	3.37
2014-15	47,913	6,501	5,355	59,769	3.56	351	120	60,240	3.53
2015-16	49,542	6,723	5,538	61,803	3.40	351	120	62,274	3.38

In comparison to 31 of the College's peer institutions, Union's total charges for 2015-16 ranked fifteenth. When calculating the total revenue from tuition/fees/room and board, various factors must also be considered, included the following:

- Enrollment numbers are as of the opening fall of each fiscal year, which historically has shown to have the largest number of enrollments of the three terms.
- Exchange students and non-matriculating students do not pay for the full year.
- Students not living in College owned housing will receive housing and board rebates.



## Financial Aid

The College administers a substantial student financial aid program by which approximately 82% of the undergraduate students receive aid. In fiscal year 2016, nearly 79% of the students received College scholarships (both need based and merit), and another 3% received aid from other sources. Included in the College aid program are scholarships, on-campus jobs and loans. Scholarships are awarded to students in amounts from \$1,000 to \$60,000 per year on the basis of financial need and the average merit award in fiscal year 2016 was \$10,000 per year. See Note 2 to the Financial Statements for June 30, 2016 and 2015 for a description of notes receivable from student loans.

Federal financial aid programs available to students include Pell Grants, Supplementary Educational Grant Program (SEOG), Perkins Loan Program, College Work Study Program, Federal Direct Stafford Loan, Federal Direct Parent Loan for Undergraduate Students (PLUS), Federal Direct Student Loans, NSF STEM Grant, and Veterans Administration Educational Benefits.

State financial aid programs available to students include the Tuition Assistance Program (TAP), Regents Award for Children of Deceased or Disabled Veterans, State Aid to Native Americans, Higher Education Opportunity Program (HEOP), New York State Scholarship for Academic Excellence, New York State Memorial Scholarship, New York State World Trade Center Scholarship, New York State Lottery Scholarship, Robert C. Byrd Honors Scholarship, Veterans Tuition Awards, and Segal AmeriCorps Educational Award.

The following table provides a breakdown of the sources from which undergraduate scholarship and grant aid has been provided to students of the College over the last five academic years. Federal and state pass through funds received are excluded for financial statement purposes.

**Source of Undergraduate Scholarship and Grant Aid**

<u>Academic Year</u>	<u>College Grants</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Other Grants</u>	<u>Total</u>
2011-12	\$37,366,207	\$168,454	\$12,699,345	\$ 1,800	\$50,235,806
2012-13	39,239,832	152,846	12,674,548	312,099	52,379,325
2013-14	40,045,876	170,169	12,398,898	471,370	53,086,313
2014-15	41,040,733	349,444	12,508,441	284,554	54,183,172
2015-16	43,073,520	389,740	11,513,550	408,120	55,384,930

## Faculty and Staff

Total current faculty members employed by the College numbered 245 for the 2015-2016 academic year, of whom approximately 221 served full-time and 58% held tenure. The majority of the College's full-time faculty is appointed within one of the four principal academic ranks: Professor, Associate Professor, Assistant Professor or Instructor.

The College employed 228 administrative staff and 323 hourly staff for the 2015-2016 academic year.

The following table sets forth the faculty profile and numbers of administrative and hourly staff employed by the College for the last five academic years.

<b>Faculty and Staff</b>							
<u>Academic Year</u>	<u>Full-Time Faculty</u>	<u>Part-Time Faculty</u>	<u>Total Faculty</u>	<u>Full-Time Equivalent Faculty</u>	Percent of Total <u>Faculty Tenured</u>	<u>Administrative Staff</u>	<u>Hourly Staff</u>
2011-2012	210	36	246	222	53.2%	220	338
2012-2013	207	32	239	218	57.7%	221	333
2013-2014	212	35	247	224	61%	221	330
2014-2015	212	32	244	223	62%	224	331
2015-2016	221	24	245	229	58%	228	323

#### Employee Relations

The College presently does not have any collective bargaining contracts covering any of its employees. The College has a history of satisfactory labor relations with its employees.

#### Benefit Plans

##### *Retirement Plan*

The College has a defined contribution retirement plan under arrangements with Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and Fidelity, which provide for purchases of annuities and investments for all of its faculty members and nonacademic employees.

The College's contribution expense to its retirement plan was \$5,396,052 and \$5,277,684 for the years ended June 30, 2016 and 2015, respectively.

See Note 8(a) to the Financial Statements for June 30, 2016 and 2015 set forth as Appendix B of this Official Statement for a description of the Retirement Plan.

##### *Postretirement Healthcare Plan*

The College has also elected to pay for a portion of healthcare benefits for retired employees based upon years of service at retirement date. The College recognizes the cost of healthcare benefits on an accrual basis over the working lifetime of employees.

	<u>2015</u>	<u>2016</u>
Change in benefit obligations:		
Benefit obligation at beginning of year	\$10,607,170	\$12,072,491
Service cost	360,377	432,755
Interest cost	432,954	459,343
Actuarial (loss) gain	1,075,437	738,133
Benefits paid	<u>(403,447)</u>	<u>(431,410)</u>
Benefit obligation at end of year	<u>\$12,072,491</u>	<u>\$13,271,312</u>

See Note 8(b) to the Financial Statements for June 30, 2016 and 2015 set forth as Appendix B of the Official Statement for a description of the Postretirement Healthcare Plan.

### **FINANCIAL STATEMENT INFORMATION**

#### **Financial Matters**

The financial statements of the College are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

The Board of Trustees approves the annual budget of revenues and expenditures for the College and specifically reviews and approves tuition and fee increases, student financial aid budget and increases in salaries, wages and employee benefits. The Finance and Administration Committee of the Board of Trustees has responsibility for review and recommendation for approval as well as for continuing surveillance of actual performance in relation to the approved budget. Monthly reports comparing actual performance to budget are prepared and issued from the Finance Office to the responsible department heads and senior administrators. Summary reports are prepared and presented to the Board of Trustees.

### **FINANCIAL INFORMATION**

#### **Independent Auditors**

The financial statements for the College as of and for the fiscal years ended June 30, 2016 and 2015 set forth in Appendix B of this Official Statement have been audited by KPMG LLP, independent auditors, as stated in their report contained therein.

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## Statement of Financial Position

The following table summarizes the College's financial position as of the end of the College's five most recent fiscal years. For a complete presentation of the College's Financial Statements as of June 30, 2016 and June 30, 2015, see the audited financial statements and accompanying notes included as Appendix B to this Official Statement.

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
<b>Assets</b>					
Cash and equivalents	\$26,776,124	\$20,224,800	\$27,137,280	\$22,912,449	\$3,661,299
Accrued investment income	66,276	51,485	503,725	354,296	134,040
Inventories	1,048,526	990,282	1,020,161	924,095	907,808
Prepaid expenses	896,580	0	1,410,752	1,037,432	1,300,228
Pledges receivable, net	15,105,524	16,006,589	12,605,814	17,691,320	38,755,831
Notes and accounts receivable, net	9,686,114	9,381,161	8,919,921	10,688,844	10,044,486
Deposits with bond trustees	2,752,681	4,275,185	4,861,941	4,524,860	3,247,126
Investments	319,523,449	362,122,857	455,111,062	480,775,402	428,128,109
Due from broker	12,678,062	2,504,781	1,183,915	3,000,000	79,313
Irrevocable trusts	6,433,196	5,062,420	5,518,648	5,419,021	5,153,495
Land, buildings, and equipment, net	145,726,929	146,988,290	146,640,133	163,088,603	185,777,449
Other assets	3,712,495	4,423,423	1,904,717	1,849,303	1,549,303
<b>Total Assets</b>	<b>\$544,405,956</b>	<b>\$572,031,273</b>	<b>\$666,818,069</b>	<b>\$712,265,625</b>	<b>\$678,738,487</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable and accruals	\$10,582,201	\$11,780,122	\$13,034,132	\$13,315,865	\$14,095,994
Construction costs payable	676,479	460,799	699,544	5,324,907	1,730,223
Student and other deposits	570,300	652,665	668,965	671,265	651,625
Deferred income	815,364	994,122	1,328,616	1,351,299	1,745,315
Long term debt	75,159,253	74,048,978	112,635,769	120,366,134	116,867,759
Pooled life income and charitable					
gift annuities payable	5,250,573	4,781,268	4,632,110	4,545,311	4,428,582
Asset retirement obligations	1,665,200	1,637,890	1,478,390	1,488,190	1,386,690
Federal student loan funds	2,473,616	2,461,284	2,401,334	2,372,311	2,357,491
Accrued postretirement benefits	11,604,016	10,459,263	10,607,170	12,072,491	13,271,312
<b>Total Liabilities</b>	<b>\$108,797,002</b>	<b>\$107,276,391</b>	<b>\$147,486,030</b>	<b>\$161,507,773</b>	<b>\$156,534,991</b>
<b>Net Assets:</b>					
Unrestricted	\$180,671,277	\$190,376,472	\$205,245,276	\$215,989,400	\$194,997,332
Temporarily Restricted	109,693,454	122,609,745	157,547,519	170,040,783	159,326,556
Permanently Restricted	145,244,223	151,768,665	156,539,244	164,818,669	167,879,608
<b>Total Net Assets</b>	<b>435,608,954</b>	<b>464,754,882</b>	<b>519,332,039</b>	<b>550,757,852</b>	<b>522,203,496</b>
<b>Total Liabilities and Net Assets</b>	<b>\$544,405,956</b>	<b>\$572,031,273</b>	<b>\$666,818,069</b>	<b>\$712,265,625</b>	<b>\$678,738,487</b>

## Statement of Activities – Unrestricted Activity Only

The following table summarizes the College's Statement of Unrestricted Activities for the five most recent fiscal years.

UNRESTRICTED ACTIVITY ONLY	June30,2012	June30,2013	June30,2014	June 30, 2015	June30,2016
Operating and other net assets:					
Revenue and reclassifications:					
Tuition and fees	\$ 93,802,268	\$ 97,820,686	\$ 102,572,832	\$ 105,943,301	\$ 109,849,991
Room and board	21,137,328	21,814,889	22,194,811	23,320,839	24,500,636
Less student aid	(37,913,471)	(39,839,496)	(40,778,101)	(41,645,708)	(43,856,560)
Net tuition, fees, room, and board	77,026,125	79,796,079	83,989,542	87,618,432	90,494,067
Investment return:					
Investment income	1,736,611	1,785,063	2,589,859	2,519,651	2,285,839
Endowment gains used to meet spending policy	15,325,452	14,799,500	15,279,906	16,289,464	18,198,258
Government grants	2,924,112	2,914,524	2,856,197	2,085,987	3,040,374
Private gifts and grants	6,931,565	6,455,711	9,847,951	14,903,430	8,118,141
Intercollegiate athletics and other sources	3,572,956	2,585,562	2,288,150	3,579,761	4,995,615
Auxiliary enterprises	4,451,658	4,383,525	4,517,005	3,865,344	3,623,624
Net assets released from restrictions	4,762,505	4,674,662	2,589,522	2,519,651	2,285,836
Total revenue and reclassifications	\$ 116,730,984	\$ 117,394,626	\$ 123,958,132	\$ 133,381,720	\$ 133,041,754
Expenses:					
Instructional and departmental research	\$ 41,426,032	43,082,589	44,550,470	46,818,781	47,434,021
Sponsored research programs	914,064	1,745,943	1,245,987	979,680	1,628,177
Academic support	8,249,245	9,669,724	10,332,184	11,119,610	11,951,919
Student services	7,871,415	7,967,455	8,458,464	8,774,837	8,889,969
Institutional support	22,634,594	21,410,533	22,630,960	23,514,775	25,205,290
Intercollegiate athletics	9,768,807	9,931,029	10,296,272	10,776,879	10,009,314
Auxiliary operations	21,764,871	22,600,139	22,861,449	23,299,165	23,392,952
Other	1,819,695	896,705	1,124,391	808,681	860,871
Total expenses	\$ 114,448,723	\$ 117,304,117	\$ 121,500,177	\$ 126,092,408	\$ 129,372,513
Increase in operating and other net assets	\$ 2,282,261	\$ 90,509	\$ 2,457,955	\$ 7,289,312	\$ 3,669,241
Endowment and other net assets:					
Investment return	\$ 1,071,630	\$ 14,976,496	\$ 17,525,211	\$ 10,644,398	\$ (17,696,227)
Endowment gains used to meet spending policy	(6,641,230)	(8,202,245)	(5,051,863)	(5,837,430)	(5,923,360)
Private gifts and grants	218,687	398,526	127,216	11,000	501,000
Other	(1,229,147)	1,785,842	(242,509)	(1,556,348)	(910,049)
Loss on defeasance of debt	(1,902,175)	0	0	0	(579,230)
Net assets released from restrictions	190,351	656,067	52,794	102,192	37,557
(Decrease) increase in endowment and other net assets	\$ (8,291,884)	\$ 9,614,686	\$ 12,410,849	\$ 3,363,812	\$ (24,570,309)
Net increase (decrease) in net assets	(6,009,623)	9,705,195	14,868,804	10,653,124	(20,901,068)
Net assets at beginning of year	186,680,900	180,671,277	190,376,472	205,245,276	215,898,400
Net assets at end of year	\$ 180,671,277	\$ 190,376,472	\$ 205,245,276	\$ 215,898,400	\$ 194,997,332

Beginning in fiscal year 2012, the College was required to reclass a portion of the endowment gains to meet spending policy to Temporarily Restricted Net Assets, not shown here due to NYPMIFA (as defined herein) requirements.

For a complete presentation of the College's Statement of Activities as of June 30, 2016 and June 30, 2015, see the audited financial statements and accompanying notes included as Appendix B attached to this Official Statement.

#### Management's Discussion of Recent Financial Performance

The financial position of the College remains strong, despite the poor performance of the endowment during fiscal year 2016. In fiscal year 2016, cash and cash equivalents decreased \$19 million as a result of investments in property, plant and equipment of \$36 million, and net sales of investments of \$18 million. Investments decreased approximately \$23 million as the return on the endowment as of June 30, 2016 was -9.7%. There was an increase in pledges receivable as a result of pledges received for the S&E Building construction and renovation. To date, the College has raised approximately \$50 million in pledges for construction and renovation of the S&E Building.

On the Statement of Activities, there was a large increase in net assets from operating activities primarily as a result of the increased gift revenue received for the S&E Building project. Due to the losses in the endowment, investment returns showed a significant decline, however, in the current year, endowment returns have rebounded to 9.6% for the fiscal year through February 2017. In addition, there was an accounting loss on the refunding of the debt completed in October 2015. The refunding did result in interest expense savings over the life of the bonds.

#### Gifts and Endowments

The following table shows the amounts received by the College as gifts, grants and bequests over the past five years.

<b>Annual Giving</b>		<b>Endowment</b>	
<u>Year Ended June 30</u>	<u>Total</u>	<u>Year Ended June 30</u>	<u>Total</u>
2012	\$14,740,577	2012	\$5,816,803
2013	14,860,971	2013	6,926,019
2014	14,026,391	2014	5,174,600
2015	22,107,235	2015	8,346,696
2016	37,923,831	2016	3,636,285

In addition, the College has fundraised approximately \$50 million to support the construction and renovation of the S&E Building. See "Project Overview" herein.

The College's endowment and similar funds consist of gifts restricted by donors, unrestricted net assets designated by management and the Board of Trustees for long-term support of the College's activities, and the accumulated investment return on these gifts and designated assets. Accumulated investment return consists of total endowment net investment return that has not been appropriated by the Board of Trustees for expenditures to support the operating activities of the College. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with an endowment utilization policy approved by the Board of Trustees and in accordance with the New York State law.

In September 2010, New York State enacted New York Uniform Prudent Management of Institutional Funds Act (“NYPMIFA”). The College has interpreted NYPMIFA as allowing the College to spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College has not changed the way permanently restricted net assets are classified as a result of this interpretation and classifies as permanently restricted net assets (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors’ gift instruments at the times the accumulations are added to the funds. ASC 958-205, *Not-for-Profit Entities* (Financial Accounting Standards Board Staff Position No. FAS 117-1), requires the portion of a donor restricted endowment fund that is not classified in permanently restricted net assets to be classified as temporarily restricted net assets until those amounts are appropriated for spending by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Investment Committee considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the College
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of endowment fund, giving due consideration to the effect that such alternatives may have on the College
- The investment policies of the College

As of June 30, 2011, in accordance with the provisions of NYPMIFA, the College has reclassified \$70,307,408 from unrestricted net assets to temporarily restricted net assets.

The market value of all investments of the College as of June 30, 2016 was approximately \$428,128,000. The market value of the endowment funds as of June 30, 2016 was approximately \$389,000,000. The market value was comprised of true endowment, funds functioning as endowment, funds in trust, pooled life income funds and charitable gift annuities. The pooled endowment total return for the years ended June 30, 2016 and 2015 was (9.8%) and 8.6%, respectively. The market value of the endowment funds as of February 28, 2017 was approximately \$415,000,000 and the pooled endowment total return was 9.6%.

The College’s endowment spending formula is calculated using a three-year average of endowment market values with a two-year lag. In calculating the spending formula for the fiscal year ended June 30, 2016, the market values for June 30, 2012, 2013, and 2014 were averaged. The total pooled endowment spending rate was approximately 5.68% and 5.63% for the fiscal years ended June 30, 2016 and 2015, respectively. This rate includes the base spending rate of approximately 4.97% and 4.91%, respectively for the fiscal years ended June 30, 2016 and 2015, respectively, as well as additional spending that was undertaken to launch the College’s Minerva Houses (the Minerva House System). The Board of Trustees approved in 2001 additional endowment spending to cover the debt service and other costs associated with the Minerva House System project, one of the College’s important academic initiatives.

## Investments

The investment objectives of the College focus on generating a high return to cover the spending rate, inflation, and preserving the purchasing power of the endowment while minimizing investment risk in the portfolio. The College is committed to a long-term investment policy that is based on balancing principles of strong growth over time, diversity of the portfolio, liquidity for the annual draw, and benchmarking against market indices and appropriate peer schools. Growth in the endowment depends on contributions to the endowment from capital campaigns, the success of investment management, and the rate at which income is withdrawn from the endowment in support of the College's operating budget. The Investment Committee meets quarterly to discuss various issues such as investment performance, market outlook, and liquidity needs.

The fair value of investments by type are as follows at June 30:

	2012	2013	2014	2015	2016
	Fair value	Fair value	Fair value	Fair value	Fair value
Short term invest.	\$14,491,310	\$4,300,622	\$2,601,175	\$4,965,902	\$7,904,624
Common stocks and mutual funds	96,668,234	128,035,644	158,721,195	179,718,675	160,130,784
Fixed income – bonds	37,292,220	50,181,683	47,077,767	38,538,670	39,274,784
Private equity and Venture capital	41,825,339	39,074,317	44,253,811	50,291,558	37,840,848
Debt-related funds	—	—	39,511,182	28,266,500	14,681,595
Mortgages and other	556,881	483,529	532,317	392,046	358,516
Multistrategy	15,456,220	21,834,362	17,480,708	17,377,974	17,435,766
Hedged equity funds	79,870,039	75,370,973	88,006,800	95,682,692	83,330,804
Emerging markets funds	19,496,783	21,638,506	22,398,089	18,963,334	17,649,174
Distressed debt	13,866,423	15,439,471	16,825,487	16,973,089	17,713,273
Real Assets	—	5,763,750	17,702,531	29,604,962	31,807,941
	\$319,523,449	\$362,122,857	\$455,111,062	\$480,775,402	\$428,128,109

## Investment Liquidity

The limitations and restrictions on the College's ability to redeem or sell these investments vary by investment and range from required notice periods (generally 30 to 180 days after initial lock-up periods) for certain limited partnership and hedge funds, to specified terms at inception (generally 10 years) associated with private equity and venture capital interests. Based upon the terms and conditions in effect at June 30, 2016, the College's investment funds can be redeemed or sold as follows:

Investments redemption period:	
Daily	\$107,425,139
Monthly	52,425,940
Quarterly	42,381,271
Semi-annual	600,678
Annual	35,887,525
1 year	45,463,968
3 years	72,221,660
5 years	12,403,069
Lock-up until liquidated	59,318,859
Total	\$428,128,109



Investment funds that are in the lock-up until liquidation category are primarily related to private equity and venture capital investments. The period of time until liquidation is not necessarily determinable by management, as liquidation terms are at the discretion of the applicable fund's investment manager subject to market conditions and the underlying complexities of the individual investments. These liquidity restrictions have been in effect since the initial purchase of the applicable funds, which date back as far as 2002.

Under the terms of certain limited partnership agreements, the College is obligated periodically to advance additional funding for certain funds that the College is invested in. At June 30, 2016, the College had commitments of approximately \$19,837,000 for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

See Note 4(b) to the Financial Statements for June 30, 2016 and 2015 set forth as Appendix B of this Official Statement.

#### Facilities

The following table shows the historical values of the plant assets for the past five years.

<u>As of June 30</u>	<u>Building and Other Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Library Contents</u>	<u>Construction in Progress</u>	<u>Total</u>
2012	\$62,251,083	\$151,679,365	\$83,452,310	\$35,346,763	\$7,490,527	\$340,220,048
2013	71,673,712	151,721,720	86,465,189	36,692,050	5,437,711	351,990,382
2014	77,185,539	151,736,726	88,163,617	38,022,468	6,691,687	361,800,037
2015	84,986,484	152,556,392	89,851,063	39,183,086	20,565,222	387,142,247
2016	107,413,066	152,822,715	93,710,900	39,785,630	25,217,985	418,950,296

At June 30, 2016, total accumulated depreciation was \$233,172,847.

The College currently insures its buildings and contents, exclusive of land, on a blanket agreed amount basis for a full replacement cost in the amount of \$397,000,000.

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### Outstanding Indebtedness

The outstanding indebtedness of the College as of June 30, 2016 is summarized below:

<u>Description</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding 6/30/16</u> (000's)
City of Schenectady Industrial Development Agency Civic Facility Refunding Revenue Bonds (Union College Project), Series 2006	4.00%-5.00%	2032	\$1,630
Schenectady County Capital Resource Corporation Revenue Bond (Union College Project), Series 2010A (JPMorgan-Deferred Maintenance Direct Placement)	(30-day LIBOR+1.5%) x 67%	2040	\$15,049
Schenectady County Capital Resource Corporation Revenue Bond (Union College Refunding Project), Series 2012A	3.82%	2032	\$23,109
2013 Taxable Bonds	5.642%	2043	\$38,996
2013 Capital Lease – First American	4.006%	2019	\$250
2015 Taxable Bonds	4.877%	2036	\$10,018
2015A Taxable Bonds	3.95%	2032	\$27,815

### Interest Rate Swap

In connection with the Prior Bond, issued in 2010 for deferred maintenance (bank loan with JPMorgan Chase Bank, N.A. (“JPMorganChase”) through the Schenectady County Capital Resource Corporation), the College entered into the Swap Agreement with JPMorganChase. The effective date on the Swap Agreement was December 1, 2011. The total notional amount is approximately \$15,310,000 and the College pays the fixed rate of 2.358% to JPMorganChase. The College receives the variable rate of 67% of one-month LIBOR. The termination date of the Swap Agreement is December 1, 2017. The fair value of the Swap Agreement was \$393,166 and \$637,492 at June 30, 2016 and 2015, respectively. The College expects to apply the proceeds of the Series 2017 Bonds to refund the Prior Bond and terminate the Swap Agreement on the date of issuance of the Series 2017 Bonds. See the forepart of this Official Statement under “THE PROJECT AND PLAN OF FINANCE.”

### **LITIGATION**

There are various claims and pending litigation to which the College is a party. The College believes, based upon the opinion of the counsel handling such matters, that such claims and litigation would not, individually or in the aggregate, materially affect the ability of the College to pay the principal of and interest on the Series 2017 Bonds when due.

**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS OF THE COLLEGE**

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**UNION COLLEGE**

Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

**UNION COLLEGE**  
Financial Statements  
June 30, 2016 and 2015

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KPMG LLP  
515 Broadway  
Albany, NY 12207-2974

## Independent Auditors' Report

The Board of Trustees  
Union College:

We have audited the accompanying financial statements of Union College, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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 from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union College as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

October 26, 2016

**UNION COLLEGE**  
**Statements of Financial Position**  
June 30, 2016 and 2015

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 3,661,299	22,912,449
Pledges receivable, net	38,755,831	17,691,320
Notes and accounts receivable, net	10,044,486	10,688,844
Deposits with bond trustees	3,247,126	4,524,860
Other assets	3,891,379	4,165,126
Investments	428,128,109	480,775,402
Receivable for investments sold	79,313	3,000,000
Beneficial interest in irrevocable trusts	5,153,495	5,419,021
Land, buildings, and equipment, net	185,777,449	163,088,603
Total assets	<u>\$ 678,738,487</u>	<u>712,265,625</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,095,994	13,315,865
Construction costs payable	1,730,223	5,324,907
Deposits and advances	2,396,940	2,022,564
Pooled life income and charitable gift annuities payable	4,428,582	4,545,311
Asset retirement obligations	1,386,690	1,488,190
Refundable federal student loan funds	2,357,491	2,372,311
Accrued postretirement benefits	13,271,312	12,072,491
Long-term debt, net	116,867,759	120,366,134
Total liabilities	<u>156,534,991</u>	<u>161,507,773</u>
Net assets:		
Unrestricted	194,997,332	215,898,400
Temporarily restricted	159,326,556	170,040,783
Permanently restricted	167,879,608	164,818,669
Total net assets	<u>522,203,496</u>	<u>550,757,852</u>
Total liabilities and net assets	<u>\$ 678,738,487</u>	<u>712,265,625</u>

See accompanying notes to financial statements.



**UNION COLLEGE**  
Statement of Activities  
Year ended June 30, 2016  
(with summarized information for the year ended June 30, 2015)

	2016			2015
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating activities:				
Revenue and reclassifications:				
Tuition and fees	\$ 109,849,991	—	—	109,849,991
Room and board	24,500,636	—	—	24,500,636
Less student aid	(43,856,560)	—	—	(43,856,560)
Net tuition, fees, room, and board	90,494,067	—	—	90,494,067
Investment return	20,484,097	—	—	20,484,097
Government grants	3,040,374	6,238	—	3,046,612
Private gifts and grants	8,118,141	26,759,078	—	34,877,219
Intercollegiate athletics and other sources	4,995,615	—	—	4,995,615
Auxiliaries enterprises	3,623,624	—	—	3,623,624
Net assets released from restrictions	2,285,836	(2,285,836)	—	—
Total revenue and reclassifications	133,041,754	24,479,480	—	157,521,234
Expenses:				
Instructional and departmental research	47,434,021	—	—	47,434,021
Sponsored research programs	1,628,177	—	—	1,628,177
Academic support	11,951,919	—	—	11,951,919
Student services	8,889,969	—	—	8,889,969
Institutional support	25,205,290	—	—	25,205,290
Auxiliaries operations	23,392,952	—	—	23,392,952
Intercollegiate athletics and other	10,870,185	—	—	10,870,185
Total expenses	129,372,513	—	—	129,372,513
Increase in net assets from operating activities	3,669,241	24,479,480	—	28,148,721
Endowment and other net assets:				
Investment return	(17,696,227)	(22,573,964)	—	(40,270,191)
Endowment gains used to meet spending policy	(5,923,360)	(12,646,532)	—	(18,569,892)
Private gifts and grants	501,000	64,346	3,060,939	3,626,285
Loss on refunding of debt	(579,230)	—	—	(579,230)
Other	(910,049)	—	—	(910,049)
Net assets released from restrictions	37,557	(37,557)	—	—
(Decrease) increase in endowment and other net assets	(24,570,309)	(35,193,707)	3,060,939	(56,703,077)
(Decrease) increase in net assets	(20,901,068)	(10,714,227)	3,060,939	(28,554,356)
Net assets at beginning of year	215,898,400	170,040,783	164,818,669	550,757,852
Net assets at end of year	\$ 194,997,332	159,326,556	167,879,608	522,203,496

See accompanying notes to financial statements.

**UNION COLLEGE**  
Statement of Activities  
Year ended June 30, 2015

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating activities:				
Revenue and reclassifications:				
Tuition and fees	\$ 105,943,301	—	—	105,943,301
Room and board	23,320,839	—	—	23,320,839
Less student aid	(41,645,708)	—	—	(41,645,708)
Net tuition, fees, room, and board	87,618,432	—	—	87,618,432
Investment return	18,809,115	—	—	18,809,115
Government grants	2,085,987	5,896	—	2,091,883
Private gifts and grants	14,903,430	5,111,922	—	20,015,352
Intercollegiate athletics and other sources	3,579,761	—	—	3,579,761
Auxiliaries enterprises	3,865,344	—	—	3,865,344
Net assets released from restrictions	2,519,651	(2,519,651)	—	—
Total revenue and reclassifications	133,381,720	2,598,167	—	135,979,887
Expenses:				
Instructional and departmental research	46,818,781	—	—	46,818,781
Sponsored research programs	979,680	—	—	979,680
Academic support	11,119,610	—	—	11,119,610
Student services	8,774,837	—	—	8,774,837
Institutional support	23,514,775	—	—	23,514,775
Auxiliaries operations	23,299,165	—	—	23,299,165
Intercollegiate athletics and other	11,585,560	—	—	11,585,560
Total expenses	126,092,408	—	—	126,092,408
Increase in net assets from operating activities	7,289,312	2,598,167	—	9,887,479
Endowment and other net assets:				
Investment return	10,644,398	21,641,049	—	32,285,447
Endowment gains used to meet spending policy	(5,837,430)	(11,700,031)	—	(17,537,461)
Private gifts and grants	11,000	56,271	8,279,425	8,346,696
Other	(1,556,348)	—	—	(1,556,348)
Net assets released from restrictions	102,192	(102,192)	—	—
Increase in endowment and other net assets	3,363,812	9,895,097	8,279,425	21,538,334
Increase in net assets	10,653,124	12,493,264	8,279,425	31,425,813
Net assets at beginning of year	205,245,276	157,547,519	156,539,244	519,332,039
Net assets at end of year	\$ 215,898,400	170,040,783	164,818,669	550,757,852

See accompanying notes to financial statements.

**UNION COLLEGE**  
**Statements of Cash Flows**  
**Years ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (28,554,356)	31,425,813
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation and change in asset retirement obligations	9,636,784	9,408,654
Realized losses (gains) and change in unrealized depreciation (appreciation) from investments and deposits with bond trustees, net	39,510,750	(31,922,935)
Change in gifts of securities	4,361	(51,710)
Change in present value of pooled life income annuities payable	(70,722)	159,792
Contributions for endowment or long-lived assets	(8,975,106)	(8,278,372)
Loss on disposal of equipment	19,064	27,027
Amortization of discount/premium of long-term debt, net	(1,706)	(96,108)
Changes in assets and liabilities:		
Accounts receivable	411,857	(1,670,206)
Pledges receivable, net	(21,064,511)	(5,085,506)
Irrevocable trusts	265,526	99,627
Other assets	273,747	674,229
Accounts payable and accrued expenses	780,129	281,733
Deposits and advances	374,376	24,983
Accrued postretirement benefits	1,198,821	1,465,321
Net cash used in operating activities	<u>(6,190,986)</u>	<u>(3,537,658)</u>
Cash flows from investing activities:		
Purchases of investments	(68,947,538)	(167,765,355)
Proceeds from the sales and maturities of investments	83,724,025	170,905,487
Change in deposits with bond trustees	2,554,119	1,691,169
Purchases of land, buildings, and equipment	(36,040,881)	(21,248,988)
Student loans issued	(779,682)	(884,796)
Proceeds from student loans collections	1,012,184	786,079
Net cash used in investing activities	<u>(18,477,773)</u>	<u>(16,516,404)</u>
Cash flows from financing activities:		
Decrease in federal student loan funds	(14,820)	(29,023)
Payments of long-term debt	(4,078,756)	(2,181,156)
Issuance of new debt, net of discount	28,080,780	10,215,000
Extinguishment of long-term debt	(27,209,797)	—
Debt issuance costs	(288,897)	(207,371)
Contributions for:		
Investment in endowment	4,207,297	5,487,367
Investment in long-lived assets	4,606,187	2,714,322
Investment in life income and charitable gift annuity agreements	161,622	76,683
Change in charitable gift annuities payable	(46,007)	(246,591)
Net cash provided by financing activities	<u>5,417,609</u>	<u>15,829,231</u>
Net decrease in cash and cash equivalents	<u>(19,251,150)</u>	<u>(4,224,831)</u>
Cash and cash equivalents, beginning of year	22,912,449	27,137,280
Cash and cash equivalents, end of year	<u>\$ 3,661,299</u>	<u>22,912,449</u>
Supplemental data:		
Interest paid	\$ 4,506,563	5,243,787
Change in construction costs payable	(3,594,684)	4,625,363
Change in receivable for investments sold	(2,920,688)	1,816,085

See accompanying notes to financial statements.

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

#### (1) Summary of Significant Accounting Policies

##### (a) *Organization*

Union College (the College) was founded in 1795 and is a coeducational, independent, liberal arts, and engineering college located in Schenectady, New York. The College is a scholarly community dedicated to shaping the future and to understanding the past. Faculty, staff and administrators welcome diverse and talented students into the community, work closely with them to provide a broad and deep education, and guide them in finding and cultivating their passions. The College does this with a wide range of disciplines and interdisciplinary programs in Liberal Arts and Engineering, as well as academic, athletic, cultural, and social activities, including opportunities to study abroad and to participate in undergraduate research and community service. The College develops in its students the analytic and reflective abilities needed to become engaged, innovative, and ethical contributors to an increasingly diverse, global and technologically complex society.

##### (b) *Basis of Presentation*

The financial statements of the College have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (GAAP). Permanently restricted net assets are those that are subject to donor-imposed stipulations that they be maintained in perpetuity by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets to support program activities such as financial aid and instruction. Such assets primarily include the College's permanent endowment funds. Temporarily restricted net assets carry specific, donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. Temporarily restricted net assets are generally available for program purposes such as financial aid, specified operating activities, facilities, and equipment. Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the College's Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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

Endowment net assets include permanently restricted net assets and certain unrestricted and temporarily restricted net assets. Endowment net asset activities include realized and unrealized gains on investments not used to support current operations, investment return in excess or deficit of the College's spending policy for the year, and additions to or changes in the value of split-interest arrangements and life income and endowment gifts.

The statement of activities reflects a subtotal for the change in net assets from operations. This subtotal reflects revenues the College received for operating purposes, including investment return used for operations and all expenses. Nonoperating activity reflects all other activity, including, but not limited

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

to, the investment return in excess of the amount appropriated under the Board of Trustees' approved spending formula and contributions for endowment and plant purposes.

**(c) *Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of certain nonmarketable investments, valuation allowances for receivables and the accrual for postretirement benefits. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

**(d) *Cash and Cash Equivalents***

Cash and cash equivalents, representing operating funds, include investments with an original maturity of three months or less.

**(e) *Investments***

Investments are reported in the financial statements at fair value. Investment return includes interest income and dividends and net realized and unrealized gains (losses). The fair value of fixed income and publicly traded equity securities is based upon quoted market prices obtained from active markets, or observable prices that are based on inputs not in quoted markets, but corroborated by market data, as applicable. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. Limited partnership interests, private equity and venture capital, as well as other nonmarketable investments, including hedge funds, for which a readily determinable fair value does not exist, are carried at net asset values (or its equivalent) (NAV) provided by the investment managers. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flows analysis, recent sales prices of investments, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainty of valuation for these investments, the investment manager's estimate may differ from the values that would have been used had a ready market existed. The College reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments.

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

The College utilizes the NAV reported by the managers of each of the alternative investment funds as a practical expedient for estimating the fair value of each investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Changes to the liquidity provisions of the funds may also significantly impact the fair value of the College's interest in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different from the reported value, and the difference could be material.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. The Investment Committee of the College's Board of Trustees continually monitors investment market conditions and the impact on the College's investment portfolio. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**(f) Irrevocable Trusts**

Several donors have established irrevocable trusts whereby the College is a beneficiary, but not the trustee. The present value of the portion of the trusts estimated to be distributable to the College upon the termination of the trusts is recorded as an asset of the College.

**(g) Land, Buildings, and Equipment, Net**

Land, buildings, and equipment are recorded at cost, including interest on funds borrowed to finance construction, at the date of acquisition or estimated fair value at the date of donation. The College's policy is to capitalize assets of \$2,000 and over. Depreciation is recorded using the straight-line method with estimated useful lives used in the calculation of depreciation by major category of assets are as follows:

Buildings and building improvements	40 years
Equipment:	
Furniture and other improvements	10 years
Vehicles	7 years
Computer equipment	3 years
Library books	10 years

**(h) Deposits and Advances**

Deposits and advances include student fees related to the College's summer session and other unearned revenue.

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

**(i) Federal Student Loan Funds**

This liability represents Perkins Loan funds provided to students by the federal government through the College. The College is required to collect the loans on behalf of the federal government. The amount due from the students is reported in the College's financial statements as a component of notes receivable.

**(j) Pooled Life Income and Charitable Gift Annuities Payable**

The liability for the present value of the deferred gifts is based upon estimates of the life expectancy of donors and beneficiaries and discount rates. Circumstances affecting these estimates can change the estimate of the liability in future periods.

**(k) Derivative Instruments and Hedging Activities**

The College recognizes derivative instruments in the financial statements at fair value regardless of the purpose or intent for holding them. As of June 30, 2016 and 2015, the College had one interest rate swap that is adjusted to fair value, based upon information provided by the financial institution. The interest rate swap would be classified as Level 2 in the fair value hierarchy.

**(l) Revenue Recognition**

Tuition and fees and certain auxiliary enterprise revenues are earned over the academic year as services are provided. Funds received in advance of services provided are included in deposits and advances.

**(m) Sponsored Research and Programs**

Sponsored activities include various research and instructional programs funded by external parties including the federal government, state governments, and private foundations.

**(n) Auxiliary Operations**

Auxiliary operations include dining services, residence halls, the College bookstore and ice hockey rink.

**(o) Functional Expenses**

Depreciation, operations and maintenance costs, interest expense, and employee benefits are allocated to the functional expense categories reported within the operating section of the statements of activities. Depreciation and operations and maintenance costs are allocated based upon the estimated use of facilities and equipment. Interest expense is allocated based on specific identification of the use of debt proceeds. Employee benefits are allocated in relation to salary expense.

**(p) Tax Status**

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income.

The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the relevant tax authority. Changes in recognition or measurement are

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

reflected in the period in which the change in judgment occurs. The College believes it has taken no significant uncertain tax positions.

#### **(q) Commitments and Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is possible that a liability has been incurred and the amount can be reasonably estimated. Legal costs associated with loss contingencies are expensed as incurred.

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of any ultimate liability with respect to those actions will not materially affect the College's financial statements.

The College recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset. The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs are estimated using a per square foot estimate for each impacted location. As of June 30, 2016 and 2015, the College has recorded a liability of \$1,386,690 and \$1,488,190, respectively, representing the estimated present value of these conditional asset retirement obligations.

Other conditional asset retirement obligations may exist that are not estimable until a triggering event occurs (e.g., building sold) due to the absence of a range of potential settlement dates. Presently, the College does not have sufficient information to estimate the fair value of these obligations but does not believe these items are material to the College's financial statements.

#### **(r) Reclassifications**

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

#### **(2) Notes and Accounts Receivable**

The College extends credit, primarily to students, in the form of notes and accounts receivable for educational expenses. Notes receivable for student loans are expected to be collected within 15 years and interest rates average approximately 7%.

Additionally, notes receivable include employee housing programs, which are expected to be collected within 30 years with interest rates averaging approximately 5.50%.

Notes receivable are recorded at their current unpaid principal balance and associated interest income is accrued based on the principal amount outstanding and applicable interest rates. An allowance for doubtful accounts is recorded, which represents the amount which, in the opinion of management of the College, is necessary to account for probable losses related to current notes receivable. This allowance is determined based upon numerous considerations, including economic conditions, the specific composition of the notes receivable balance, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowance for doubtful accounts is adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful notes and accounts receivable.



# UNION COLLEGE

## Notes to Financial Statements

June 30, 2016 and 2015

Notes and accounts receivable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Notes receivable	\$ 7,859,718	8,613,700
Accounts receivable	3,948,286	4,363,206
	<u>11,808,004</u>	<u>12,976,906</u>
Less allowance for doubtful accounts	1,763,518	2,288,062
	<u>\$ 10,044,486</u>	<u>10,688,844</u>

### (3) Pledges Receivable

Pledges receivable are expected to be collected as follows at June 30:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 2,429,244	2,066,556
Between one year and five years	25,688,616	9,719,793
Greater than five years	12,900,126	8,000,200
	<u>41,017,986</u>	<u>19,786,549</u>
Less:		
Present value discount (0.72%–4.92%)	2,127,635	1,669,291
Allowance for doubtful pledges	134,520	425,938
	<u>\$ 38,755,831</u>	<u>17,691,320</u>

Pledges receivable at June 30, 2016, includes pledges from four donors that comprise approximately 75% of the balance before the impact of the present value discount and allowance for doubtful pledges.

# UNION COLLEGE

## Notes to Financial Statements

June 30, 2016 and 2015

### (4) Investments and Fair Value

The fair value and cost of investments by type are as follows at June 30:

	2016		2015	
	Fair value	Cost	Fair value	Cost
Short term investments	\$ 7,904,624	7,904,624	4,965,902	4,965,902
Common stocks, mutual and commingled funds	160,130,784	132,737,499	179,718,675	133,381,201
Fixed income – bonds	39,274,784	38,221,388	38,538,670	38,229,601
Private equity and venture capital	37,840,848	33,913,261	50,291,558	33,484,314
Mortgages and other	358,516	334,939	392,046	390,938
Multistrategy funds	17,435,766	13,010,656	17,377,974	13,022,305
Debt-related funds	14,681,595	14,112,200	28,266,500	28,361,567
Hedged equity funds	83,330,804	57,370,238	95,682,692	60,517,619
Emerging markets funds	17,649,174	15,535,158	18,963,334	15,523,360
Distressed debt	17,713,273	9,291,735	16,973,089	9,350,915
Real assets	31,807,941	30,597,147	29,604,962	27,159,194
	<u>\$ 428,128,109</u>	<u>353,028,845</u>	<u>480,775,402</u>	<u>364,386,916</u>

The College utilizes an endowment spending policy that emphasizes total return. Total return consists of current yield (primarily interest and dividends) as well as the realized and unrealized gains and losses of pooled investments. The College's Board of Trustees designates a portion of the College's total investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The pooled endowment total return for the years ended June 30, 2016 and 2015, was approximately (9.8%) and 8.6%, respectively.

The following schedule summarizes the investment return and its classification in the statements of activities:

	2016	2015
Interest income and dividends	\$ 1,914,205	1,271,654
Net realized and unrealized (losses) gains	(40,270,191)	32,285,447
Total return on investments	(38,355,986)	33,557,101
Investment return designated for current operations	20,484,097	18,809,115
Investment return net of amounts designated for current operations	<u>\$ (58,840,083)</u>	<u>14,747,986</u>

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

Investment management fees (including any incentive fees) were approximately \$5,598,000 and \$7,985,000 in 2016 and 2015, respectively. In 2016, fees paid of approximately \$1,172,000 were netted against interest income and dividends. The remaining fees are netted against endowment returns.

**(a) Fair Value**

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Except for investments reported at NAV as a practical expedient to estimate fair value, the College uses a three-tiered hierarchy to categorize those assets and liabilities carried at fair value based on the valuation methodologies employed. Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- Level 2 inputs are observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3 inputs are unobservable inputs that are used when little or no market data is available.

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 value measurement in its entirety.

Due from broker represents amounts receivable from unsettled sales and is classified as Level 1 in the fair value hierarchy.

# UNION COLLEGE

## Notes to Financial Statements

June 30, 2016 and 2015

The College's investments as of June 30, 2016, are summarized in the following table:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Redemption frequency</u>	<u>Days' notice</u>
<b>Investments measured at fair value:</b>					
Short term investments	\$ 7,904,624	7,904,624	—	Daily	1
Common stocks and	32,583,206	32,583,206	—	Daily	4
Fixed income – bonds	39,274,784	39,274,784	—	Daily	1
Mortgages and other	358,516	—	358,516	Daily	1
Debt-related funds	7,265,228	7,265,228	—	Daily	15
Hedged equity funds	600,678	—	600,678	Daily	1
Emerging markets funds	2,055,390	—	2,055,390	Daily	1
Real assets	10,657,941	10,657,941	—	Daily	1
Total investments at fair value	<u>100,700,367</u>	<u>97,685,783</u>	<u>3,014,584</u>		
<b>Investments measured at NAV:</b>					
Commingled funds:					
U.S.	98,714,606			Quarterly Rolling 5 years	30–90
International	28,832,972			Monthly	6–10
Private equity and venture capital	37,840,848			Illiquid	N/A
Multistrategy funds	17,435,766			Quarterly Illiquid	60–N/A
Debt-related funds	7,416,367			Monthly	30–60
Hedged equity funds	82,730,126			Monthly Rolling 3 years	60–90
Emerging markets funds	15,593,784			Daily Illiquid	6–N/A
Distressed debt	17,713,273			Quarterly Illiquid	60–N/A
Real assets	21,150,000			Illiquid	N/A
Total investments measured at NAV	<u>327,427,742</u>				
Total investments	<u>\$ 428,128,109</u>				

**UNION COLLEGE**  
Notes to Financial Statements  
June 30, 2016 and 2015

The College's investments as of June 30, 2015, are summarized in the following table:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Redemption frequency</u>	<u>Days' notice</u>
Investments measured at fair value:					
Short term investments	\$ 4,965,902	4,965,902	—	Daily	1
Common stocks and mutual funds:	36,621,466	36,621,466	—	Daily	4
Fixed income – bonds	38,538,670	38,538,670	—	Daily	1
Mortgages and other	392,046	—	392,046	Daily	1
Debt-related funds	19,082,723	19,082,723	—	Daily	15
Hedged equity funds	748,059	—	748,059	Daily	1
Emerging markets funds	2,185,827	—	2,185,827	Daily	1
Real assets	13,422,177	13,422,177	—	Daily	1
	<u>115,956,870</u>	<u>112,630,938</u>	<u>3,325,932</u>		
Total investments at fair value					
Investments measured at NAV:					
Commingled funds:					
U.S.	109,492,701			Monthly Rolling 5 years	30–90
International	33,604,508			Monthly Illiquid	6–10 N/A
Private equity and venture capital	50,291,558			Quarterly Illiquid	60–N/A
Multistrategy funds	17,377,974			Monthly	30–60
Debt-related funds	9,183,777			Monthly Rolling 3 years	60–90
Hedged equity funds	94,934,633			Daily Illiquid	6–N/A
Emerging markets funds	16,777,507			Quarterly Illiquid	60–N/A
distressed deb	16,973,089			Illiquid	N/A
Real assets	16,182,785				
	<u>364,818,532</u>				
Total investments measured at NAV					
Total investments	\$ <u>480,775,402</u>				

There were no Level 3 investments, nor were there transfers between Level 1 and Level 2 investments during the fiscal year ended June 30, 2016.

**(b) Liquidity**

The limitations and restrictions on the College's ability to redeem or sell these investments vary by investment and range from required notice periods (generally 30 to 180 days after initial lock-up periods) for certain limited partnership and hedge funds, to specified terms at inception (generally 10 years) associated with private equity and venture capital interests. Based upon the terms and

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

conditions in effect at June 30, 2016, the College's investment funds can be redeemed or sold as follows:

Investments redemption period:	
Daily	\$ 107,425,139
Monthly	52,425,940
Quarterly	42,381,271
Semi-annual	600,678
Annual	35,887,525
1 year	45,463,968
3 years	72,221,660
5 years	12,403,069
Lock-up until liquidated	59,318,859
Total	<u>\$ 428,128,109</u>

Investment funds that are in the lock-up until liquidation category are primarily related to private equity and venture capital investments. The period of time until liquidation is not necessarily determinable by management, as liquidation terms are at the discretion of the applicable fund's investment manager subject to market conditions and the underlying complexities of the individual investments. These liquidity restrictions have been in effect since the initial purchase of the applicable funds, which date back as far as 2002.

Under the terms of certain limited partnership agreements, the College is obligated periodically to advance additional funding for certain funds that the College is invested in. At June 30, 2016, the College had commitments of approximately \$19,837,000, due through June 2026, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

#### (5) Endowment

The College's endowment and similar funds consist of gifts restricted by donors, unrestricted net assets designated by management and the Board of Trustees for long-term support of the College's activities, and the accumulated investment return on these gifts and designated assets. Accumulated investment return consists of total endowment net investment return that has not been appropriated by the Board of Trustees for expenditure to support the operating activities of the College. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with an endowment utilization policy approved by the Board of Trustees and in accordance with the laws of the State of New York.

College designated endowment funds are unrestricted net assets that may be re-designated for authorized expenditures. At June 30, 2016 and 2015, endowment and similar funds balances are approximately \$389,200,000 and \$441,000,000, respectively, which includes pooled endowment net assets of approximately \$360,000,000 and \$410,400,000, respectively.

The College follows the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The College has interpreted NYPMIFA as allowing the College to

# UNION COLLEGE

## Notes to Financial Statements

June 30, 2016 and 2015

spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College classifies as permanently restricted net assets (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. The portion of a donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for spending by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Investment Committee of the College's Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the College
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of and endowment fund, giving due consideration to the effect that such alternatives may have on the College
- The investment policies of the College

Total endowment net assets are classified as follows at June 30:

2016				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$ (5,341,749)	117,474,340	161,463,732	273,596,323
Board designated	115,629,729	—	—	115,629,729
Total	<u>\$ 110,287,980</u>	<u>117,474,340</u>	<u>161,463,732</u>	<u>389,226,052</u>

  

2015				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$ (989,155)	152,668,047	157,572,358	309,251,250
Board designated	131,757,821	—	—	131,757,821
Total	<u>\$ 130,768,666</u>	<u>152,668,047</u>	<u>157,572,358</u>	<u>441,009,071</u>

**UNION COLLEGE**  
Notes to Financial Statements  
June 30, 2016 and 2015

The following is a summary of the changes in the endowment net assets for the year ended June 30, 2016:

	<b>Board designated</b>	<b>Donor restricted</b>		
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Pooled endowment net assets, June 30, 2015	\$ 119,574,599	147,151,732	143,691,800	410,418,131
Gifts and other additions:				
Contributions (excluding pledges)	501,000	52	3,706,245	4,207,297
Investment income added to principal	512,321	—	—	512,321
Transfers from other funds	1,457,910	—	102,725	1,560,635
Subtotal	2,471,231	52	3,808,970	6,280,253
Investment income:				
Interest and dividends	1,015,819	—	—	1,015,819
Net realized and unrealized losses	(15,498,994)	(22,573,964)	—	(38,072,958)
Subtotal	(14,483,175)	(22,573,964)	—	(37,057,139)
Income distributed for operating purposes:				
Cash and accrued interest and dividends	1,015,819	—	—	1,015,819
Gains used to meet endowment spending	5,923,360	12,646,532	—	18,569,892
Subtotal	6,939,179	12,646,532	—	19,585,711
Pooled endowment net assets, June 30, 2016	100,623,476	111,931,288	147,500,770	360,055,534
Other endowment and similar, net assets, June 30, 2015	11,194,067	5,516,315	13,880,558	30,590,940
Investment income:				
Interest and dividends	223,186	—	—	223,186
Net realized and unrealized gains	(1,868,779)	—	—	(1,868,779)
Subtotal	(1,645,593)	—	—	(1,645,593)
Contributions (excluding pledges)	\$ —	64,294	97,328	161,622
Actuarial adjustments	(551,639)	—	—	(551,639)
Other changes	667,669	(37,557)	(14,924)	615,188
Other endowment and similar net assets, June 30, 2016	9,664,504	5,543,052	13,962,962	29,170,518
Total endowment and similar net assets, June 30, 2016	\$ 110,287,980	117,474,340	161,463,732	389,226,052



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Notes to Financial Statements  
June 30, 2016 and 2015

The following is a summary of the changes in the endowment net assets for the year ended June 30, 2015:

	<b>Board designated</b>	<b>Donor restricted</b>		
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Pooled endowment net assets, June 30, 2014	\$ 110,221,664	137,210,257	138,254,266	385,686,187
Gifts and other additions:				
Contributions (excluding pledges)	11,000	456	4,725,911	4,737,367
Investment income added to principal	377,169	—	—	377,169
Transfers from other funds	5,803,803	—	711,623	6,515,426
Subtotal	6,191,972	456	5,437,534	11,629,962
Investment income:				
Interest and dividends	632,289	—	—	632,289
Net realized and unrealized losses	8,998,393	21,641,050	—	30,639,443
Subtotal	9,630,682	21,641,050	—	31,271,732
Income distributed for operating purposes:				
Cash and accrued interest and dividends	632,289	—	—	632,289
Gains used to meet endowment spending	5,837,430	11,700,031	—	17,537,461
Subtotal	6,469,719	11,700,031	—	18,169,750
Pooled endowment net assets, June 30, 2015	119,574,599	147,151,732	143,691,800	410,418,131
Other endowment and similar, net assets, June 30, 2014	10,796,499	5,562,692	13,798,672	30,157,863
Investment income:				
Interest and dividends	223,853	—	—	223,853
Net realized and unrealized gains	1,062,489	—	—	1,062,489
Subtotal	\$ 1,286,342	—	—	1,286,342
Contributions (excluding pledges)	\$ —	55,815	770,868	826,683
Actuarial adjustments	359,664	—	—	359,664
Other changes	(1,248,438)	(102,192)	(688,982)	(2,039,612)
Other endowment and similar net assets, June 30, 2015	11,194,067	5,516,315	13,880,558	30,590,940
Total endowment and similar net assets, June 30, 2015	\$ 130,768,666	152,668,047	157,572,358	441,009,071

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

**(a) *Spending Policy***

The College has a policy of appropriating for distribution to the budget each year a percentage of its pooled endowment based on the three-year average market value as of June 30, with a two-year lag. For the year ended June 30, 2016, the three fiscal years used in the calculation are the fiscal years ended June 30, 2012, 2013, and 2014. For the year ended June 30, 2015, the three fiscal years used in the calculation are the fiscal years ended June 30, 2011, 2012, and 2013.

The total pooled endowment spending was 5.68% and 5.63% for the fiscal years ended June 30, 2016 and 2015, respectively. This rate includes the base spending rate of 4.97% and 4.91% for the fiscal years ended June 30, 2016 and 2015, respectively, as well as additional spending that was undertaken to launch the College's Minerva Houses (the U2K initiative). The Board of Trustees approved in 2001 additional endowment spending to cover the debt service and other costs associated with the Minerva House System project, one of the College's most important academic initiatives.

As described in the College's Strategic Plan, the College plans to reduce total spending. The goal of reducing the spending rate has prompted measures including the dedication of a significant segment of the current capital campaign to endowment support, in order to provide income to support the College's operating budget and reinvestment of a significant portion of recent variances from budget into the endowment.

**(b) *Return Objectives and Risk Parameters***

Investment objectives focus on generating a return sufficient to cover the spending rate, inflation, and the preservation of the purchasing power of the endowment while minimizing investment risk in the portfolio. The College is committed to a long-term investment policy that is based on balancing principles of strong growth over time, diversity of the portfolio, liquidity for the annual draw, and benchmarking against market indices and appropriate peer schools. Growth in the endowment depends on contributions to the endowment from capital campaigns, the success of investment management, and the rate at which income is withdrawn from the endowment in support of the College's operating budget. The Investment Committee of the College's Board of Trustees meets quarterly to discuss various issues such as investment performance, market outlook, and liquidity needs.

**(c) *Funds with Deficiencies***

As of June 30, 2016 and 2015, certain endowment funds have a current market value per share that is less than the original market value per share at the time of gift. Where normal investment performance has driven the endowment fund below the historic dollar value, the account is commonly termed "underwater".

For funds that are underwater, the gap between the current income and the spending formula is covered through appropriations from other board designated endowments and accumulated realized gains on these board designated endowments or other unrestricted funds. At June 30, 2016, 265 endowment accounts (approximately 22% of the total number of pooled endowment accounts), totaling approximately \$48,600,000, were underwater with total market value less than book of approximately \$5,000,000. At June 30, 2015, 37 endowment accounts (approximately 3% of the total number of

**UNION COLLEGE**  
Notes to Financial Statements  
June 30, 2016 and 2015

pooled endowment accounts), totaling approximately \$11,000,000, were underwater with total market value less than book of approximately \$870,000.

**(6) Land, Buildings, and Equipment**

The following is a summary of land, buildings, and equipment at June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 101	101
Buildings	152,822,715	152,556,392
Improvements	107,412,965	84,986,383
Equipment	93,710,900	89,851,063
Library books	39,785,630	39,183,086
Construction in progress	25,217,985	20,565,222
	<u>418,950,296</u>	<u>387,142,247</u>
Less accumulated depreciation	<u>(233,172,847)</u>	<u>(224,053,644)</u>
	<u>\$ 185,777,449</u>	<u>163,088,603</u>

Capitalized interest was \$803,958 and \$0 during the years ended June 30, 2016 and 2015, respectively. Depreciation expense and change in asset retirement obligation was \$9,636,784 and \$9,408,654 for the years ended June 30, 2016 and 2015, respectively. For the years ended June 30, 2016 and 2015, fixed assets (original cost) disposed were \$638,147 and \$532,141, respectively, resulting in losses on disposal of \$19,064 and \$27,027, respectively.

At June 30, 2016, the College has outstanding contracts totaling approximately \$7,500,000 for the purchase and renovation of certain properties. Completion of these projects is expected to occur within the next two years.

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## Notes to Financial Statements

June 30, 2016 and 2015

### (7) Long-Term Debt

The following is a summary of long-term debt:

	<u>Maturity date</u>	<u>Interest rate</u>	<u>Outstanding at June 30</u>	
			<u>2016</u>	<u>2015</u>
1965 Dormitory Bonds: Fox and Davidson	2015	3.00%	\$ —	135,000
Industrial Development Agency Bonds:				
2005 Issue – Industrial Development Agency	2016	3.595% fixed portion and variable portion	—	2,392,083
2006 Issue – Industrial Development Agency	2032	4.00%–5.00%	1,630,000	30,169,796
2010 Issue – JPMorgan Chase Deferred Maintenance	2040	(30-day LIBOR +1.5%) x 67%	15,049,099	15,030,253
2012A Issue – Refunding Revenue Bond	2032	3.82%	23,108,979	23,380,790
2013 Taxable Bonds – M&T Trust Company	2043	5.642%	38,995,962	38,943,591
2013 Capital Lease – First American	2019	4.006%	250,319	306,992
2015 Taxable Bonds – M&T Trust Company	2036	4.877%	10,017,998	10,007,629
2015A Taxable Bonds – M&T Trust Company	2032	3.95%	27,815,402	—
Total debt			<u>116,867,759</u>	<u>120,366,134</u>

Interest expense on the above long-term debt was \$4,266,562 and \$4,970,957 for 2016 and 2015.

Proceeds of long-term debt have been used by the College to primarily finance building and construction programs, as well as student loan programs. The College is required to maintain various reserve accounts in conjunction with the debt agreements that are reported as deposits with bond trustees on the statements of financial position. Deposits with bond trustees are classified as Level 1 in the fair value hierarchy. Certain debt is collateralized by municipal bond insurance.

In December 2010, the College borrowed \$15,310,000 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. JPMorgan Chase acted as the purchaser of the bond. The debt will be used to finance \$15,000,000 of the College's \$30,000,000 Deferred Maintenance Program. The proceeds have been used for the renovation and rehabilitation of portions of existing buildings and other improvements located on the campus, as well as the acquisition and installation of certain machinery and equipment in order to upgrade existing educational facilities, and other directly or indirectly related activities for use by the College, as well as pay for costs of issuance. The final maturity of the bond will be December 1,

## UNION COLLEGE

### Notes to Financial Statements

June 30, 2016 and 2015

2040, subject to optional tender by JPMorgan Chase on December 1, 2017. The interest rate is variable at 67% multiplied by one-month LIBOR plus 100.5 basis points. As of June 30, 2016, the College had drawn down approximately \$15,292,000 against this borrowing.

In connection with this tax-exempt financing, the College entered into a forward starting interest rate swap with JPMorgan Chase. The effective date of the swap was December 1, 2011. The original notional amount was \$15,310,000 and the fixed rate of 2.358% is paid to JPMorgan Chase. Included within accounts payable in the statements of financial position at June 30, 2016 and 2015, the fair value of the swap was \$393,166 and \$637,492, respectively. The College receives the variable rate of 67% of 1-month LIBOR. The termination date is December 1, 2017. The interest rate swap is classified as Level 2 in the fair value hierarchy.

In April 2012, the College borrowed \$21,640,000 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. The debt was used to refinance amounts outstanding on prior debt issues. The interest rate is fixed at 3.82%. The final maturity of the bond will be July 1, 2032, subject to an optional redemption on June 1, 2022.

In November 2013, the College borrowed \$40,410,000 through taxable financing, with JPMorgan acting as the underwriter. The debt will be used for the project costs of various building renovation/construction projects through 2019. The interest rate is fixed at 5.642%. The final maturity of the bond will be November 15, 2043 with a balloon payment due.

In June 2015, the College borrowed \$10,215,000 through taxable financing, with JPMorgan acting as the underwriter. The debt will be used for the project costs of various building renovation/construction projects occurring over the next five years. The interest rate is fixed at 4.877%. The final maturity of the bond will be July 1, 2035 with a balloon payment due.

In October 2015, the College borrowed \$28,325,000 through taxable financing, with JP Morgan Chase acting as the underwriter. The debt was used to refinance amounts outstanding on prior debt issue. The interest rate is fixed at 3.950%. The final maturity of the bond will be July 1, 2031.

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Notes to Financial Statements  
June 30, 2016 and 2015

Principal payments and maturities of long-term debt at June 30, 2016 are summarized as follows:

Year ending June 30:	
2017	\$ 1,988,943
2018	2,661,304
2019	2,738,759
2020	2,816,313
2021	2,830,000
Thereafter	<u>104,486,185</u>
Principal maturities	117,521,504
Add unamortized bond premium	2,082,091
Less unamortized bond discounts	(1,309,136)
Less deferred cost of issuance	<u>(1,426,700)</u>
Total long-term debt	<u>\$ 116,867,759</u>

***Line of Credit***

The College has an unsecured line of credit in the amount of \$5,000,000 with Bank of America, which was renewed and expires March 21, 2017. Each advance under the line of credit will carry one of two interest rates: a variable rate equal to the Bank of America prime rate or a fixed rate equal to the one-month LIBOR rate plus 0.70% (adjusted each month). During the years ended June 30, 2016 and 2015, the College had not borrowed against this line of credit.

**(8) Benefit Plans**

***(a) Retirement Plan***

The College has a defined contribution retirement plan under arrangements with Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and Fidelity, which provide for purchases of annuities and investments for all of its faculty members and nonacademic employees.

The College's contribution expense under this plan was \$5,396,052 and \$5,277,684 for the years ended June 30, 2016 and 2015, respectively.

***(b) Postretirement Healthcare Plan***

The College has also elected to pay for a portion of healthcare benefits for retired employees based upon years of service at retirement date. The College recognizes the cost of healthcare benefits on an accrual basis over the working lifetime of employees.

The College provides health insurance benefits for eligible employees upon retirement and recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability and recognizes changes in that funded status in the year they occur. The College uses a June 30 measurement date for its postretirement healthcare plan (the Plan).

# UNION COLLEGE

## Notes to Financial Statements

June 30, 2016 and 2015

The Plan's funded status, amounts recognized, significant assumptions used, contributions made, and benefits paid as of and for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Change in benefit obligations:		
Benefit obligation at beginning of year	\$ 12,072,491	10,607,170
Service cost	432,755	360,377
Interest cost	459,343	432,954
Actuarial loss (gain)	738,133	1,075,437
Benefits paid	<u>(431,410)</u>	<u>(403,447)</u>
Benefit obligation at end of year	<u>\$ 13,271,312</u>	<u>12,072,491</u>
	<u>2016</u>	<u>2015</u>
Accrued benefit cost:		
Funded status	\$ (13,271,312)	(12,072,491)
Weighted average assumptions as of June 30:		
Discount rate – benefit obligation	3.20%	4.09%
Discount rate – periodic postretirement benefit cost	4.09	3.94

For measurement purposes, a 6.7% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2016. The rate was assumed to decrease to 6.2% in 2017, and then decrease gradually from 5.7% to 4.4% for 2018 and thereafter.

	<u>2016</u>	<u>2015</u>
Components of net periodic benefit cost:		
Service cost	\$ 432,755	360,377
Interest cost	459,343	432,954
Amortization of loss	94,716	122,105
Amortization of prior service credit	<u>(156,966)</u>	<u>(160,729)</u>
Net periodic postretirement benefit cost	<u>\$ 829,848</u>	<u>754,707</u>

Amounts recorded in unrestricted net assets as of June 30, 2016 and 2015, but not yet amortized as components of net periodic benefit costs are as follows:

	<u>2016</u>	<u>2015</u>
Unamortized prior service credit	\$ 227,992	384,958
Unamortized actuarial loss	<u>(3,344,091)</u>	<u>(2,700,674)</u>
Amount recognized as a reduction in unrestricted net assets	<u>\$ (3,116,099)</u>	<u>(2,315,716)</u>

# UNION COLLEGE

## Notes to Financial Statements

June 30, 2016 and 2015

The amortization of the above items expected to be recognized in net periodic costs for the year ending June 30, 2017 is \$111,000.

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

		<b>One-percentage-point</b>	
		<b>Increase</b>	<b>Decrease</b>
Effect on total of service and interest cost components	\$	40,533	(35,406)
Effect on postretirement benefit obligation		406,540	(359,690)

The following benefit payments, which reflect expected future service and the impact of the Medicare Part D subsidy, as appropriate, are expected to be paid:

	<b>Postretirement benefit payments</b>
2017	\$ 500,888
2018	558,950
2019	650,137
2020	682,359
2021	715,837
2022–2026	4,233,726
Total	\$ 7,341,897

### (9) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	<b>2016</b>	<b>2015</b>
Pledges for instruction, scholarship, facilities, and other departmental support	\$ 32,339,955	10,445,009
Capital projects	4,674,055	2,011,462
Pooled term endowments	111,931,288	147,151,732
Life income and annuity agreements	2,152,747	2,126,008
Funds in trust and other nonpooled endowments	3,390,305	3,390,307
Annual restricted scholarships and other funds	4,838,206	4,916,265
Total	\$ 159,326,556	170,040,783



**UNION COLLEGE**  
Notes to Financial Statements  
June 30, 2016 and 2015

Permanently restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Pledges to endowment for scholarship and other departmental support	\$ 6,415,876	7,246,311
Pooled endowments	147,179,213	143,571,587
Nonpooled endowments	7,948,888	7,754,353
Life income and annuity agreements	943,007	853,793
Funds in trust	5,392,624	5,392,625
Total	<u>\$ 167,879,608</u>	<u>164,818,669</u>

**(10) Expenses and Discounts Prior to Allocation**

The following table compares expenses and student aid, reported as a discount in the statements of activities, for the years ended June 30, 2016 and 2015, prior to the allocation of operations and maintenance of plant, employee benefits, depreciation, and interest expense:

	<u>2016</u>	<u>2015</u>
Instructional and departmental research	\$ 30,412,013	29,956,389
Sponsored research programs	1,628,177	979,680
Academic support	7,552,153	7,253,164
Student services	5,599,763	5,630,848
Institutional support	17,605,376	15,921,728
Intercollegiate athletics	5,848,643	5,695,478
Student aid	43,856,560	41,645,708
Auxiliaries operations	12,496,868	12,813,952
Other	860,871	808,681
Total expenses and discounts prior to allocation	<u>125,860,424</u>	<u>120,705,628</u>
Operations and maintenance of plant	11,432,116	10,522,690
Employee benefits	22,033,187	22,022,215
Depreciation and change in asset retirement obligations	9,636,784	9,408,654
Interest on long-term debt	4,266,562	4,970,957
Amortization of issuance costs	—	107,972
Total allocated expenses	<u>47,368,649</u>	<u>47,032,488</u>
Total	<u>\$ 173,229,073</u>	<u>167,738,116</u>

## **UNION COLLEGE**

### **Notes to Financial Statements**

**June 30, 2016 and 2015**

Included in institutional support are \$4,577,129 and \$4,161,070 of fund-raising expenses for the years ended June 30, 2016 and 2015, respectively. Costs incurred include expenses related to solicitation activities to obtain gifts and bequests, as well as special cultivation events that may result in contributions that will be received in future periods.

#### **(11) Collections**

The College's collections are made up of approximately 19,000 objects and their estimated fair value is approximately \$19,200,000. The College's policy is not to capitalize its collections. The College's collections comprise paintings and portraits, furniture, works on paper, scientific instrumentation, and other objects.

The College's collections are held for educational, research, scientific, and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically. All proceeds resulting from the deaccession of objects from the permanent collection are allocated for the benefit of the collections. During the years ended June 30, 2016 and 2015, no objects were deaccessioned.

#### **(12) Subsequent Events**

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2016 and through October 26, 2016, the date on which the financial statements were issued.

## **APPENDIX C**

### **GLOSSARY AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN OF THE FINANCING DOCUMENTS**

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## **APPENDIX C**

### **GLOSSARY AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN OF THE FINANCING DOCUMENTS**

#### **GLOSSARY**

The following terms have the meanings stated herein when used in this Appendix and the documents summarized below:

“Account” means, with respect to any Series of Bonds, an account created within any Fund designated and created pursuant to Section 401 of the Indenture.

“Accountant” means an independent certified public accountant or a firm of independent certified public accountants selected by the Institution.

“Act” means the Enabling Act.

“Additional Bonds” means any bonds issued by the Issuer pursuant to Section 214 of the Indenture.

“Additional Project” means a Project financed, in whole or in part, with the proceeds of any Series of Additional Bonds.

“Additional Project Facility” shall mean a project facility as defined in a Supplemental Indenture executed in connection with the issuance of a Series of Additional Bonds.

“Applicable Laws” means all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to or affect the Project Facility or any part thereof or the conduct of work on the Project Facility or any part thereof or to the operation, use, manner of use or condition of the Project Facility or any part thereof (the applicability of such statutes, codes, laws, acts, ordinances, orders, rules, regulations, directions and requirements to be determined both as if the Issuer were the owner of the Project Facility and as if the Institution and not the Issuer were the owner of the Project Facility), including but not limited to (1) applicable building, zoning, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authorities having jurisdiction over the Project Facility, (2) restrictions, conditions or other requirements applicable to any permits, licenses or other governmental authorizations issued with respect to the foregoing, and (3) judgments, decrees or injunctions issued by any court or other judicial or quasi-judicial Governmental Authority.

“Authorized Denominations” means: (A) with respect to the Series 2017 Bonds, \$5,000 and any integral multiple of \$5,000 in excess thereof, except that, if as a result of a redemption, partially redeemed Bonds cannot be issued in such denominations, such partially redeemed Bonds shall be reissued in such other denominations to the extent required to effect such redemption; and (B) with respect to any Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds as set forth in the Supplemental Indenture relating thereto.

“Authorized Investments” means any of the following: (A) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; (B) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have

been stripped by the agency itself): (1) U.S. Export-Import Bank ("Eximbank"), (2) Farmers Home Administration ("FmHA"), (3) Federal Financing Bank, (4) Federal Housing Administration Debentures ("FHA"), (5) General Services Administration, (6) Government National Mortgage Association ("GNMA" or "Ginnie Mae"), (7) U.S. Maritime Administration, and (8) U.S. Department of Housing and Urban Development ("HUD"); (C) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (1) Federal Home Loan Bank System, (2) Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"), (3) Federal National Mortgage Association ("FNMA" or "Fannie Mae"), (4) Student Loan Marketing Association ("SLMA" or "Sallie Mae"), (5) Resolution Funding Corp. ("REFCORP") obligations, and (6) Farm Credit System; (D) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of "AAA-m", "AAA-m"; or "AA-m" and if rated by Moody's rated "Aaa", "Aa1" or "Aa2"; (E) certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral; (F) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF; (G) investment agreements, including GIC's; (H) commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by Standard & Poor's; (I) bonds or notes issued by any state or municipality which are rated by Moody's and Standard & Poor's in one of the two highest rating categories assigned by such agencies; (J) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor's; and (K) repurchase agreements for 30 days or less must follow the following criteria. The criteria is described as follows: (1) Repos must be between the municipal entity and a dealer bank or securities firm (a) primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or (b) banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services; (2) the written repo contract must include the following: (a) securities which are acceptable for transfer are: (i) direct U.S. governments, or (ii) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC), (b) the term of the repo may be up to 30 days, (c) the collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities), (d) valuation of collateral - the securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%, and (3) legal opinion which must be delivered to the municipal entity: (a) repo meets guidelines under state law for legal investment of public funds.

"Authorized Representative" means the Person or Persons at the time designated to act on behalf of the Issuer or the Institution, as the case may be, by written certificate furnished to the Trustee containing the specimen signature of each such Person and signed on behalf of (A) the Issuer by its Chairman or Vice-Chairman, or such other person as may be authorized by resolution of the Issuer to act on behalf of the Issuer, (B) the Institution by its Chief Executive Officer or Chief Financial Officer, or such other person as may be authorized by the board of trustees of the Institution to act on behalf of the Institution and (C) the Trustee by any Vice President, Assistant Vice President or Trust Officer, or such other person as may be authorized by the board of directors of the Trustee to act on behalf of the Trustee.

“Bankruptcy Code” means the United States Bankruptcy Code, constituting Title 11 of the United States Code, as amended from time to time, and any successor statute.

“Beneficial Owner” means, with respect to a Bond, a Person owning a Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“Beneficial Ownership Interest” means the beneficial right to receive payments and notices with respect to the Bonds which are held by the Depository under a Book Entry System.

“Bond” or “Bonds” means, collectively, (A) the Series 2017 Bonds and (B) any Additional Bonds.

“Bond Counsel” means the law firm of Barclay Damon, LLP, Albany, New York or such other attorney or firm of attorneys located in the State whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and who are acceptable to the Issuer.

“Bond Fund” means the fund so designated and established pursuant to Section 401(A) of the Indenture.

“Bondholder” or “Holder” or “Owner of the Bonds” means the registered owner of any Bond, as indicated on the bond register maintained by the Bond Registrar, except that wherever appropriate the term “Owners” shall mean the owners of the Bonds for federal income tax purposes.

“Bond Payment Date” means each Interest Payment Date and each date on which principal or interest or premium, if any, or a Sinking Fund Payment, shall be payable on the Bonds according to their terms and the terms of the Indenture, including without limitation scheduled mandatory Redemption Dates, unscheduled mandatory Redemption Dates, dates of acceleration of the Bonds pursuant to Section 602 of the Indenture, optional Redemption Dates and Stated Maturity, so long as any Bonds shall be Outstanding.

“Bond Proceeds” means (A) with respect to the Series 2017 Bonds, the proceeds of the sale of the Series 2017 Bonds, including any accrued interest, paid to the Trustee on behalf of the Issuer by the Underwriter as the purchase price of the Series 2017 Bonds, and (B) with respect to any Series of Additional Bonds, the proceeds of the sale of such Series of Additional Bonds, including any accrued interest, paid to the Trustee on behalf of the Issuer by the purchasers of such Series of Additional Bonds as the purchase price of such Series of Additional Bonds.

“Bond Register” means the register maintained by the Bond Registrar in which, subject to such reasonable regulations as the Issuer, the Trustee or the Bond Registrar may prescribe, shall provide for the registration of the Bonds and for the registration of transfers of the Bonds.

“Bond Registrar” means the Trustee, acting in its capacity as bond registrar under the Indenture, and its successors and assigns as bond registrar under the Indenture.

“Bond Resolution” means the resolution of the members of the board of directors of the Issuer duly adopted on April 12, 2017 authorizing the Issuer to undertake the Series 2017 Project, to issue and sell the Series 2017 Bonds and to execute and deliver the Financing Documents to which the Issuer is a party.

“Bond Year” (A) with respect to the Series 2017 Bonds, means each one (1) year period ending on the anniversary of the Closing Date relating to the Bonds, or such other bond year as the Institution and the Issuer may select from time to time in a manner complying with the Code, and (B) with respect to any Series of Additional Bonds issued as Tax-Exempt Bonds, shall have the meaning set forth in the Supplemental Indenture related to such Series of Additional Bonds.

“Book Entry Bonds” means Bonds held in Book Entry Form with respect to which the provisions of Section 213 of the Indenture shall apply.

“Book Entry Form” or “Book Entry System” means a form or system, as applicable, under which (A) the Beneficial Ownership Interests may be transferred only through a book entry and (B) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Bond certificates “immobilized” in the custody of the Depository or a custodian on behalf of the Depository. The Book Entry System which is maintained by and the responsibility of the Depository (and which is not maintained by or the responsibility of the Issuer or the Trustee) is the record that identifies, and records the transfer of the interests of, the Owners of book entry interests in the Bonds.

“Business Day” means any day of the year other than (A) a Saturday or Sunday, (B) a day on which the New York Stock Exchange is closed or (C) a day on which commercial banks in New York, New York, or the city or cities in which the Office of the Trustee is located, are authorized or required by law, regulation or executive order to close.

“Campus” means the Institution’s campus at 807 Union Street in the City of Schenectady, Schenectady County, New York.

“Capitalized Interest Account” means the account within the Bond Fund so designated and established pursuant to Section 401(A) of the Indenture.

“Certificate of Authentication” means the certificate of authentication in substantially the form attached to the form of the Bonds attached as Schedule I to the Indenture.

“Closing Date” means (A) with respect to the Series 2017 Bonds, the date on which authenticated Series 2017 Bonds are delivered to or upon the order of the Underwriter and payment is received therefor by the Trustee on behalf of the Issuer, and (B) with respect to any Series of Additional Bonds, the date on which such Additional Bonds of such Series are authenticated and delivered to the purchaser thereof and payment therefor is received by the Trustee on behalf of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of said Code, and the applicable regulations (whether proposed, temporary or final) of the United States Treasury Department promulgated under said Code and the statutory predecessor of said Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“Completion Date” means, (A) with respect to the Series 2017 Bonds, July 31, 2020, and (B) with respect to any Series of Additional Bonds, the date specified in in the supplemental Indenture authorizing the issuance of a Series of Additional Bonds.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority.

“Construction Period” means, with respect to any Project, the period (A) beginning on the earlier of the Inducement Date or the date on which the Institution declared its official intent to reimburse expenditures made with respect to the Project with proceeds of borrowed money and (B) ending on the Completion Date relating thereto.

“Continuing Disclosure Agreement” means the continuing disclosure agreement dated as of April 1, 2017 by and between the Institution and the Trustee relating to the Bonds, as said continuing disclosure agreement may be amended or supplemented from time to time.



“Cost of the Project” means (A) with respect to the Series 2017 Project, all those costs and items of expense relating thereto enumerated in Section 3.3(A) of the Loan Agreement incurred subsequent to the Inducement Date, including costs which the Institution incurred prior to the Inducement Date with respect to the New Money Project Facility in anticipation of the issuance of the Series 2017 Bonds and for which the Institution may be reimbursed from proceeds of the Series 2017 Bonds pursuant to the provisions of the Tax Compliance Agreement, costs related to the refunding of the Prior Bonds and the termination of the associated interest rate swap agreement, capitalized interest and costs of issuance of the Series 2017 Bonds, and (B) with respect to any Additional Project, all those costs and items of expense relating thereto enumerated in Section 3.3 of the Loan Agreement, including costs which the Institution incurred with respect to such Additional Project in anticipation of the issuance of the related Series of Additional Bonds and for which the Institution will be reimbursed from proceeds of the related Series of Additional Bonds.

“Debt Service Payment” means, with respect to any Bond Payment Date, (A) the interest payable on the Bonds on such Bond Payment Date, plus (B) the principal, if any, payable on the Bonds on such Bond Payment Date, plus (C) the premium, if any, payable on the Bonds on such Bond Payment Date, plus (D) the Sinking Fund Payments, if any, payable on the Bonds on such Bond Payment Date.

“Default Interest Rate” means the rate of interest equal to fifteen percent (15%) per annum, or the maximum permitted by law, whichever is less.

“Defaulted Payment” shall have the meaning ascribed to such term in Section 207(C) of the Indenture.

“Defeasance Obligations” means (A) cash, or (B) direct obligations of the United States of America or of any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States, including, but not limited to, United States Treasury obligations.

“Depository” means, initially, 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 securities depository designated in any supplemental resolution of the Issuer to serve as securities depository for the Bonds that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Book Entry Bonds.

“Depository Letter” means (A) with respect to the Bonds, the Depository Letter, and (B) with respect to any Series of Additional Bonds issued as Book Entry Bonds, any letter of representations by and among the Issuer, the Trustee and the Depository relating to such Series of Additional Bonds, and any amendments or supplements thereto entered into with respect thereto.

“Direct Participant” means a Participant as defined in the Depository Letter.

“Enabling Act” means Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended.

“Equipment” means all materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of the Bonds, or acquired with any payment which the Institution incurred in anticipation of the issuance of the Bonds and for which the Institution will be reimbursed from the proceeds of the Bonds, and such substitutions and replacements therefor and additions thereto as may be made from time to time pursuant to the Loan Agreement.

“Event of Default” means (A) with respect to the Indenture, any of those events defined as an Event of Default by the terms of Article VI of the Indenture, (B) with respect to the Loan Agreement, any of those

events defined as an Event of Default by the terms of Article X of the Loan Agreement, and with respect to any other Financing Document, any of those events defined as an Event of Default by the terms thereof.

“Extraordinary Services” and “Extraordinary Expenses” means all reasonable services rendered and all reasonable expenses incurred by the Trustee or any paying agent under the Indenture, other than Ordinary Services and Ordinary Expenses, including, but not limited to, reasonable attorney’s fees and any services rendered and any expenses incurred with respect to an Event of Default or with respect to the occurrence of an event which upon the giving of notice or the passage of time would ripen into an Event of Default under any of the Financing Documents.

“Facility” means all buildings (or portions thereof), improvements, structures and other related facilities, and improvements thereto, (A) located on the Campus, (B) financed or refinanced with the proceeds of the sale of the Bonds or any payment which the Institution incurred in anticipation of the issuance of the Bonds and for which the Institution will be reimbursed from the proceeds of the Bonds, and (C) not constituting a part of the Equipment, all as they may exist from time to time.

“Financing Documents” means the Series 2017 Bonds, the Indenture, the Loan Agreement, the Pledge and Assignment, the Guaranty, the Tax Compliance Agreement, the Continuing Disclosure Agreement, the Underwriter Documents and any other document now or hereafter executed by the Issuer or the Institution in favor of the Holders of the Bonds or the Trustee which affects the rights of the Holders of the Bonds or the Trustee in or to the Project Facility, in whole or in part, or which secures or guarantees any sum due under the Bonds or any other Financing Document, each as amended from time to time, and all documents related thereto and executed in connection therewith.

“Financing Statements” means any and all financing statements (including continuation statements) or other instruments filed or recorded from time to time to perfect the security interests created in the Financing Documents.

“Fund” means any Fund designated and created pursuant to Section 401 of the Indenture.

“Government Obligations” means (A) cash, (B) direct obligations of the United States of America, (C) obligations unconditionally guaranteed by the United States of America and (D) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (B) or (C).

“Governmental Authority” means the United States of America, the State, any political subdivision thereof, any other state and any agency, department, commission, board, bureau or instrumentality of any of them.

“Gross Proceeds” means one hundred percent (100%) of the proceeds of the transaction with respect to which such term is used, including, but not limited to, the settlement of any insurance claim or Condemnation award.

“Guaranty” means the Guaranty dated as of April 1, 2017 from the Institution to the Trustee, as said guaranty may be amended or supplemented from time to time.

“Holder” or “holder”, when used with respect to a Bond, means Bondholder.

“Indenture” means the trust indenture dated as of April 1, 2017 by and between the Issuer and the Trustee, as said trust indenture may be amended or supplemented from time to time.

“Independent Counsel” means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and not a full-time employee of the Institution or the Issuer.

“Indirect Participant” means a Person utilizing the Book Entry System of the Depository by, directly or indirectly, clearing through or maintaining a custodial relationship with a Direct Participant.

“Inducement Date” means (A) with respect to the Series 2017 Project, the date which is sixty (60) days prior to the earlier of (1) March 24, 2017 or (2) the date on which the Institution declared its official intent to reimburse expenditures made with respect to the Project with proceeds of borrowed money, and (B) with respect to any Additional Project, the date which is sixty (60) days prior to the earlier of (1) the date on which the Issuer adopts an inducement resolution with respect to such Additional Project or (2) the date on which the Institution declares its official intent to reimburse expenditures made with respect to such Additional Project with proceeds of borrowed money.

“Institution” means The Trustees of Union College in the Town of Schenectady in the State of New York, a New York education not-for-profit corporation organized and existing under the laws of the State of New York, and its successors and assigns, to the extent permitted by Section 8.4 of the Loan Agreement.

“Institution Documents” means the Indenture, the Loan Agreement, the Purchase Contract, the Continuing Disclosure Agreement and the Tax Compliance Agreement.

“Insurance and Condemnation Fund” means the fund so designated and established pursuant to Section 401(A) of the Indenture.

“Interest Payment Date” means (A) with respect to the Series 2017 Bonds, January 1 and July 1 of each year, commencing July 1, 2017, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of interest on such Additional Bonds, as set forth in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds. In any case, the final Interest Payment Date of any Series of the Bonds shall be the Maturity Date relating thereto.

“Issuer” means (A) Schenectady County Capital Resource Corporation and its successors and assigns, and (B) any public instrumentality or political subdivision resulting from or surviving any consolidation or merger to which Schenectady County Capital Resource Corporation or its successors or assigns may be a party.

“Lien” means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, security agreement, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, projections, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics’, materialmen’s, warehousemen’s and carriers’ liens and other similar encumbrances affecting real property. For purposes of the Indenture, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Loan” means the loan by the Issuer of the proceeds received from the sale of the Bonds to the Institution pursuant to the provisions of the Loan Agreement.

“Loan Agreement” means the loan agreement dated as of April 1, 2017 by and between the Issuer and the Institution, as said loan agreement may be amended or supplemented from time to time.

“Loan Payments” means the amounts required to be paid by the Institution pursuant to the provisions of Section 5.1 of the Loan Agreement.

“Maturity Date” means, with respect to any Bond, the final Stated Maturity of the principal of such Bond.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, with the consent of the Institution.

“Net Proceeds” means so much of the Gross Proceeds with respect to which that term is used as remain after payment of all fees for services, expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such Gross Proceeds.

“New Money Equipment” means various machinery and equipment, including, but not limited to, information technology network equipment, acquired and installed in the New Money Project Facility as part of the Series 2017 Project.

“New Money Facility” means the Science and Engineering building located on the Campus, as renovated and reconstructed as part of the Series 2017 Project.

“New Money Project Facility” means, collectively, the New Money Facility and the New Money Equipment.

“Office of the Trustee” means the corporate trust office of the Trustee specified in Section 1103 of the Indenture, or such other address as the Trustee shall designate pursuant to Section 1103 of the Indenture.

“Official Statement” means (A) with respect to the Series 2017 Bonds, the Official Statement, and (B) with respect to any Series of Additional Bonds, any similar document approved by the Issuer and the Institution in connection with the sale by the Underwriter of the related Series of Additional Bonds.

“Ordinary Services” and “Ordinary Expenses” means those reasonable services normally rendered with those reasonable expenses, including reasonable attorneys’ fees, normally incurred by a trustee or a paying agent, as the case may be, under instruments similar to the Indenture.

“Outstanding” means, when used with reference to the Bonds as of any date, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except: Bonds theretofore cancelled or deemed cancelled by the Trustee or theretofore delivered to the Trustee for cancellation; Bonds for the payment or redemption of which moneys or Defeasance Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or Redemption Date of any such Bonds) in accordance with the Indenture (whether upon or prior to the maturity or Redemption Date of any such Bonds); provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form and substance to the Trustee shall have been filed with the Trustee; and Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered under the Indenture.

In determining whether the Owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are held by or on behalf of the Institution (unless all of the outstanding Bonds are then owned by the Institution) shall be disregarded for the purpose of any such determination. If the Indenture shall be discharged pursuant to Article X of the Indenture, no Bonds shall be deemed to be Outstanding within the meaning of this definition.

“Owner” or “owner”, when used with respect to a Bond, means the Registered Owner of such Bond, except that wherever appropriate the term “Owner” shall mean the owner of such Bond for federal income tax purposes.

“Participant” shall have the meaning assigned to such term in Section 213(B) of the Indenture.

“Paying Agent” means the Trustee, acting as such, and any additional paying agent for the Bonds appointed pursuant to Article VII of the Indenture, their respective successors and any other corporation that may at any time be substituted in their respective places pursuant to the Indenture.

“Permitted Encumbrances” means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar Liens, (C) Liens for taxes, assessments and utility charges (1) to the extent permitted by Section 6.2(b) of the Loan Agreement, or (2) at the time not delinquent, (D) any Lien on the Project Facility obtained through any Financing Document, (E) any Lien on the Project Facility in favor of the Trustee, and (F) any Lien on the Project Facility approved or granted by the Institution.

“Person” means an individual, partnership, corporation, limited liability company, trust, unincorporated organization or Governmental Authority.

“Plans and Specifications” means: (A) with respect to the Series 2017 Project, the description of the New Money Project Facility appearing in the fourth recital clause to the Indenture and the Loan Agreement; and (B) with respect to any Additional Project, (1) as to the Issuer, the description of such Additional Project appearing in the Issuer’s preliminary inducement resolution relating thereto, and (2) as to the Trustee, the plans and specifications for such Additional Project prepared by the Institution, and all amendments and modifications thereof made by approved change orders; and, if an item for the construction of the Additional Project Facility is not specifically detailed in the aforementioned plans and specifications, but rather is described by way of manufacturer’s or supplier’s or contractor’s shop drawings, catalog references or similar descriptions, the term also includes such shop drawings, catalog references and descriptions.

“Pledge and Assignment” means the pledge and assignment dated as of April 1, 2017 from the Issuer to the Trustee, and acknowledged by the Institution, pursuant to which the Issuer has assigned to the Trustee its rights under the Loan Agreement (except the Unassigned Rights), as said pledge and assignment may be amended or supplemented from time to time.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition, any Bond authenticated and delivered under Section 205 of the Indenture in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

“Preliminary Official Statement” means (A) with respect to the Series 2017 Bonds, the Preliminary Official Statement, and (B) with respect to any Series of Additional Bonds, any similar document approved by the Issuer and the Institution for use in connection with the issuance of the related Series of Additional Bonds.

“Prior Bond” means the Issuer’s \$15,310,000 Tax-Exempt Revenue Bond (Union College Project), Series 2010A in the original aggregate principal amount of \$15,310,000.

“Prior Bond Project Facility” means the existing buildings and other improvements located on the Campus which rehabilitated and renovated with proceeds of the Prior Bond and refinanced with proceeds of the Series 2017 Bonds.

“Prior Holder” means JPMorgan Chase Bank, N.A. as holder of the Prior Bond.

“Project” means (A) with respect to the Series 2017 Bonds, the Series 2017 Project, and (B) with respect to any Series of Additional Bonds, the Additional Project with respect to which such Series of Additional Bonds were issued.

“Project Facility” means, collectively, the New Money Project Facility, the Refunded Bond Project Facility and any Additional Project Facility.

“Project Fund” means the fund so designated and established pursuant to Section 401(A) of the Indenture.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Purchase Contract” means (A) with respect to the Series 2017 Bonds, the Purchase Contract dated April [ ], 2017 by and among the Issuer, the Underwriter and the Institution, and (B) with respect to any Series of Additional Bonds, any similar document executed by the Issuer and/or the Institution in connection with the issuance and sale of such Series of Additional Bonds.

“Rating Agency” means Moody’s, if the Bonds are rated by Moody’s at the time, and Standard & Poor’s, if the Bonds are rated by Standard & Poor’s at the time, and their successors and assigns.

“Rebate Amount” shall have the meaning assigned to such term in the Tax Compliance Agreement.

“Rebate Fund” means the fund so designated and established pursuant to Section 401(A) of the Indenture.

“Rebate Fund Earnings Account” means the special account so designated within the Rebate Fund established pursuant to Section 401(A) of the Indenture.

“Rebate Fund Principal Account” means the account so designated within the Rebate Fund established pursuant to Section 401(A) of the Indenture.

“Record Date” means either a Regular Record Date or a Special Record Date.

“Redemption Amount” means \$[ ] which is an amount sufficient to redeem 100% of the Outstanding Prior Bonds.

“Redemption Date” means, when used with respect to a Bond, the date upon which a Bond is scheduled to be redeemed pursuant to the Indenture.

“Redemption Price” means, when used with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable upon the prior redemption thereof pursuant to the provisions of the Indenture and such Bond.

“Regular Record Date” means, with respect to the interest and any Sinking Fund Payment or principal payment due on the Bonds on or prior to maturity payable on any Bond on any Interest Payment Date, the fifteenth day of the calendar month preceding the calendar month in which such Interest Payment Date occurs.

“Request for Disbursement” means a request from the Institution, as agent of the Issuer, signed by an Authorized Representative of the Institution, stating the amount of the disbursement sought and

containing the statements, representations and other items required by Article IV of the Indenture and by Section 3.3 of the Loan Agreement, which Request for Disbursement shall be in substantially the form of Exhibit A attached to the Indenture.

“Requirement” or “Local Requirement” means any law, ordinance, order, rule or regulation of a Governmental Authority.

“Securities Laws” means the Securities Act of 1933, as amended, and all other securities laws of the United States of America or the State to the extent that such laws may now or hereafter be applicable to or affect the issuance, sale and delivery of the Bonds and any transfer or resale thereof.

“Series” or “Series of Bonds” means all of the Bonds of a single series authenticated and delivered pursuant to the Indenture.

“Series 2017 Bonds” means the Tax-Exempt Revenue Bonds (Union College Project), Series 2017 in the aggregate principal amount of \$[\_\_\_\_\_], issued pursuant to the Bond Resolution and Article II of the Indenture and sold to the Underwriter pursuant to the provisions of the Purchase Contract, in substantially the form attached to the Indenture as Schedule I thereto, and any Bonds issued in exchange or substitution therefor.

“Series 2017 Project” means the reconstruction and renovation of the Science and Engineering building (the “S&E Building”) and its associated courtyard located on the Institution’s campus at 807 Union Street in the City of Schenectady, Schenectady County, New York (the “Campus”), the demolition of two of the five existing towers consisting of approximately 56,500 square feet which currently are part of the S&E Building, replacement of a one story connector between Butterfield Hall and Steinmetz Hall located on the Campus with a new three story connector, and construction of two additions to the S&E Building which additions are expected to total approximately 78,900 square feet (collectively, the “New Money Facility”), all to modernize and upgrade the existing educational facility for use by the Institution; and (2) the acquisition and installation of the various machinery and equipment, including, but not limited to, information technology network equipment (the “New Money Equipment” and, collectively with the New Money Facility, the “New Money Project Facility”); (B) the refunding of the Prior Bond and (C) the issuance of tax-exempt revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to finance the (1) costs of the construction, acquisition and installation of the New Money Project Facility, (2) refunding of the Prior Bond and the termination of the associated interest rate swap agreement, and (3) costs incidental to the issuance of the Series 2017 Bonds, including capitalized interest and costs of issuance.

“Series 2017 Project Facility” means, collectively, the New Money Project Facility and the Prior Bond Project Facility.

“Sinking Fund Payments” means with respect to any Additional Bonds, the sinking fund redemption payments (if any) required pursuant to the supplemental Indenture authorizing issuance of such Additional Bonds.

“Special Record Date” means a date for the payment of any Defaulted Payment on the Bonds fixed by the Trustee pursuant to Section 207(C) of the Indenture.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc., and its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, with the consent of the Institution.

“State” means the State of New York.

“Stated Maturity” means, when used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest on such Bond is due and payable.

“Substantial User” means any Person constituting a “substantial user” within the meaning ascribed to such term in Section 147(a) of the Code.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture executed by the Issuer in accordance with Article VIII of the Indenture.

“Tax Compliance Agreement” means (A) with respect to the Series 2017 Bonds, the Tax Compliance Agreement dated April [ ], 2017 by and between the Issuer and the Institution and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the Issuer and the Institution in connection with the issuance and sale of such Series of Additional Bonds.

“Tax-Exempt Bond” means any Bond issued as an obligation of the Issuer, the interest on which is intended to be excluded from the gross income of the Holder thereof for federal income tax purposes pursuant to Section 103 and Section 145 of the Code, including but not limited to the Bonds.

“Term Bonds” means Bonds having a single stated maturity for which Sinking Fund Installments are specified in a supplemental indenture executed in connection with the issuance of a Series of Additional Bonds.

“Trust Estate” means all Property which may from time to time be subject to a Lien in favor of the Trustee created by the Indenture or any other Financing Document.

“Trust Revenues” means (A) all payments of Loan Payments made or to be made by or on behalf of the Institution under the Loan Agreement (except payments made with respect to the Unassigned Rights), (B) all other amounts pledged to the Trustee by the Issuer or the Institution to secure the Bonds or performance of their respective obligations under the Loan Agreement and the Indenture, (C) the Net Proceeds (except proceeds with respect to the Unassigned Rights) of insurance settlements and Condemnation awards with respect to the Project Facility, (D) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (1) moneys and investments held in the Rebate Fund, (2) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, (3) unclaimed funds held under Section 408 of the Indenture, and (4) as specifically otherwise provided, and (E) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture. Notwithstanding anything to the contrary, amounts held in the Rebate Fund shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and amounts held therein shall not secure any amount payable on the Bonds.

“Trustee” means Manufacturers and Traders Trust Company, a banking corporation organized and existing under the laws of the New York, or any successor trustee or co-trustee acting as trustee under the Indenture.

“Unassigned Rights” means (A) the rights of the Issuer granted pursuant to Sections 2.2, 3.1, 3.2, 3.3, 5.1(B)(2), 5.1(C), 6.1, 6.2, 6.3, 6.4, 6.5, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.11, 8.14, 8.16, 9.1, 9.2, 11.1, 11.4, 11.8 and 11.10 of the Loan Agreement, Sections, (B) the moneys due and to become due to the Issuer for its own account or the members, directors, officers, agents, servants and employees of the Issuer for their own account pursuant to Sections 2.2, 5.1(B)(2), 5.1(C), 6.4(B), 8.2, 10.2



and 10.4 of the Loan Agreement, and (C) the right to enforce the foregoing pursuant to Article X of the Loan Agreement. Notwithstanding the preceding sentence, to the extent the obligations of the Institution under the Sections of the Loan Agreement listed in (A), (B) and (C) above do not relate to the payment of moneys to the Issuer for its own account or to the members, officers, directors, agents, servants and employees of the Issuer for their own account, such obligations, upon assignment of the Loan Agreement by the Issuer to the Trustee pursuant to the Pledge and Assignment, shall be deemed to and shall constitute obligations of the Institution to the Issuer and the Trustee, jointly and severally, and either the Issuer or the Trustee may commence an action to enforce the Institution's obligations under the Loan Agreement.

"Underwriter" means (A) with respect to the Series 2017 Bonds, Goldman, Sachs & Co., as original purchaser of the Series 2017 Bonds on the Closing Date relating thereto, and (B) with respect to any Series of Additional Bonds, the original purchaser of such Series of Additional Bonds on the Closing Date relating thereto.

"Underwriter Documents" means, collectively, (A) with respect to the Series 2017 Bonds, the Preliminary Official Statement, the Official Statement and the Purchase Contract, and (B) with respect to any Additional Bonds, any similar documents executed by the Issuer and/or the Institution in connection with the issuance of such Additional Bonds.

"Yield", when used with respect to the Series 2017 Bonds, shall have the meaning assigned to such term in the Tax Compliance Agreement.

## SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Indenture to which reference is made for the detailed provisions thereof. The following should not be considered a full statement of the Indenture.

### Restriction on Issuance of Bonds (Section 201)

No Bonds may be authenticated and issued under the provisions of the Indenture except in accordance with Article II of the Indenture. Except as provided in Section 205 and Section 214 of the Indenture, the total aggregate principal amount of Bonds that may be issued and authenticated under the Indenture is expressly limited to \$[\_\_\_\_\_].

### Limited Obligations (Section 202)

The Bonds, together with the premium, if any, and the interest thereon, shall be limited obligations of the Issuer payable, with respect to the Issuer, solely from the Trust Revenues, which Trust Revenues are thereby pledged and assigned to the Trustee for the equal and ratable payment of all sums due under the Bonds, and shall be used for no other purpose than to pay the principal of, premium, if any, on and interest on the Bonds, except as may be otherwise expressly provided in the Indenture.

THE BONDS DO NOT CONSTITUTE AND SHALL NOT BE A DEBT OF THE STATE OR OF SCHENECTADY COUNTY, NEW YORK AND NEITHER THE STATE NOR SCHENECTADY COUNTY, NEW YORK SHALL BE LIABLE THEREON. THE BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE OR OF SCHENECTADY COUNTY, NEW YORK.

No recourse shall be had for the payment of the principal of, or the premium, if any, or the interest on, any Bond or for any claim based thereon or on the Indenture against any past, present or future trustee, member, director, officer, agent, servant or employee, as such, of the Issuer or of any predecessor or successor corporation, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

### Delivery of the Series 2017 Bonds (Section 210)

Upon the execution and delivery of the Indenture, the Issuer shall execute and deliver the Series 2017 Bonds to the Trustee, and the Trustee shall authenticate and deliver the Series 2017 Bonds to the purchasers thereof against payment of the purchase price therefor, plus accrued interest to the day preceding the date of delivery, upon receipt by the Trustee of the following:

- (A) a certified copy of the Bond Resolution;
- (B) executed counterparts of the Indenture, the Loan Agreement and the other Financing Documents;
- (C) pay off letter from the holder of the Prior Bond;
- (D) a request and authorization to the Trustee on behalf of the Issuer signed by an Authorized Representative of the Issuer to deliver the Series 2017 Bonds to or upon the order of the Underwriter upon payment to the Trustee for the account of the Issuer of the purchase price therefor specified in such request and authorization;
- (E) signed copies of the opinions of counsel to the Issuer, the Institution, and the Trustee, and of Bond Counsel, as required by the Purchase Contract;

(F) the certificates and policies, if available, of the insurance required by the Loan Agreement;

(G) evidence that a completed Internal Revenue Service Form 8038 with respect to the Series 2017 Bonds has been signed by the Issuer; and

(H) such other documents as the Trustee or Bond Counsel may reasonably require.

Additional Bonds (Section 214)

So long as the Loan Agreement is in effect and no Event of Default exists thereunder or under the Indenture (and no event exists which, upon notice or lapse of time or both, would become an Event of Default thereunder or under the Indenture), the Issuer may, upon a request from the Institution complying with the provisions of the Indenture, issue one or more Series of Additional Bonds to provide funds to pay any one or more of the following: (1) costs of any Additional Project; (2) costs of refunding or advance refunding any or all of the Bonds previously issued; (3) costs of making any modifications, additions or improvements to the Project Facility that the Institution may deem necessary or desirable; (4) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Project Facility in the event of damage, destruction or taking by eminent domain; and/or (5) costs of the issuance and sale of the Additional Bonds, capitalized interest, funding debt service reserves, and other costs reasonably related to any of the foregoing. Additional Bonds may mature at different times, bear interest at different rates and otherwise vary from the Bonds authorized under the Indenture, all as may be provided in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Prior to the execution of a Supplemental Indenture authorizing the issuance of Additional Bonds, the Issuer must deliver the following documents to the Trustee:

(1) an amendment to the Loan Agreement and the other Financing Documents providing for the timely payment by the Institution of the Loan Payments in an amount at least equal to the sum of the total Debt Service Payments due on the Series 2017 Bonds and all Additional Bonds and all other costs in connection with the Project Facility and all Additional Projects covered thereby;

(2) evidence that the Financing Documents, as amended or supplemented in connection with the issuance of the Additional Bonds, provide that (a) the Bonds referred to therein shall mean and include the Additional Bonds being issued as well as the Series 2017 Bonds originally issued under the Indenture and any Additional Bonds theretofore issued, and (b) the Project Facility referred to in the Financing Documents includes any Additional Project Facilities being financed;

(3) a copy of the resolution of the board of trustees of the Institution, duly certified by the secretary or assistant secretary of the Institution, which approves the issuance of the Additional Bonds and authorizes the execution and delivery by the Institution of the amendments to the Financing Documents described in paragraphs (1) and (2) above;

(4) written opinion of counsel to the Institution which shall state that (i) the amendments and supplements to the Financing Documents described in paragraphs (1) and (2) above have been duly authorized, executed and delivered by the Institution, (ii) the Financing Documents, as amended and supplemented to the Closing Date for such Additional Bonds, constitute legal, valid and binding obligations of the Institution enforceable against the Institution in accordance with their respective terms, subject to the standard exceptions with respect to bankruptcy laws, equitable remedies and specific performance, and (iii) all conditions precedent

provided for in the Indenture to the issuance, execution and delivery of the Additional Bonds have been complied with;

(5) a copy of the resolution of the members of the board of directors of the Issuer, duly certified by the secretary or assistant secretary of the Issuer, authorizing the issuance of the Additional Bonds and the execution and delivery by the Issuer of the amendments to the Financing Documents described in paragraph (1) and paragraph (2) above to be executed by the Issuer in connection therewith;

(5) an opinion of counsel to the Issuer stating that the amendments and supplements to the Financing Documents described above have been duly authorized and lawfully executed and delivered on behalf of the Issuer; and that such amendments and supplements to the Financing Documents are in full force and effect and are valid and binding upon the Issuer, subject to the standard exceptions with respect to bankruptcy laws, equitable remedies and specific performance;

(6) an opinion of Bond Counsel stating that, in the opinion of such Bond Counsel, the Issuer is duly authorized and entitled to issue such Additional Bonds and that, upon the execution, authentication and delivery thereof, such Additional Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Issuer, enforceable in accordance with their terms, subject to the standard exceptions with respect to bankruptcy laws, equitable remedies and specific performance; that the issuance of the Additional Bonds will not, in and of itself, adversely affect the validity of the Series 2017 Bonds originally issued under the Indenture or any Additional Bonds theretofore issued or the exclusion of the interest payable on the Series 2017 Bonds and any Additional Bonds theretofore issued as Tax-Exempt Bonds from the gross income of the Holders thereof for federal income tax purposes; and that all conditions precedent provided for in the Indenture to the issuance, execution and delivery of the Additional Bonds have been complied with;

(7) written evidence from each Rating Agency, if any, by which the Bonds are then rated, to the effect that the issuance of such Additional Bonds will not, by itself, result in a reduction or withdrawal of the rating(s) on the Outstanding Bonds applicable immediately prior to the issuance of the Additional Bonds;

(8) a written order to the Trustee executed by an Authorized Representative of the Issuer requesting that the Trustee authenticate and deliver the Additional Bonds to the purchasers therein identified; and

(9) such other documents as the Trustee and Bond Counsel may reasonably request.

Each Series of Additional Bonds shall be equally and ratably secured under the Indenture with the Series 2017 Bonds issued on the Closing Date and with all other Series of Additional Bonds, if any, previously issued under the Indenture, without preference, priority or distinction of any Bond over any other Bond.

The consent of the Holders of the Bonds shall not be required prior to the issuance of Additional Bonds, or to the execution and delivery of any amendments to the Financing Documents required in connection therewith. The Institution shall provide to the Trustee the following: (1) a notice of the proposed issuance of such series of Additional Bonds; and (2) a proposed form of notice to be sent to the Holders of the Bonds and each Rating Agency, if any, by which the Bonds are then rated of the proposed issuance of the Additional Bonds (a "Notice to Holders"), detailing, at least, the aggregate principal amount of such Additional Bonds, and summarizing the nature of the amendments to the Financing Documents proposed to be executed in connection therewith. Within five Business Days of receipt of the foregoing, the Trustee shall mail the Notice to Holders to the Holders of the Bonds and each Rating Agency, if any, by which the Bonds are then rated of the proposed issuance of the Additional Bonds.

#### Establishment of Funds (Section 401)

The Indenture creates four special separate trust funds (and various accounts therein) to be held by the Trustee: (1) the Project Fund and, within the Project Fund, the following special accounts: (a) the Series 2017 Project Account; and (b) an additional, separate account for each series of Additional Bonds, each such additional account to be known as the "Series \_\_\_\_ Project Account", with the blank to be filled in with the same series designation as borne by the related Series of Additional Bonds; (2) the Bond Fund, and within the Bond Fund, the following special accounts (a) the Series 2017 Capitalized Interest Account; and (b) the Bond Account; (3) the Insurance and Condemnation Fund; and (4) the Rebate Fund, and, within the Rebate Fund, the following special accounts: (a) the Rebate Fund Principal Account and (b) the Rebate Fund Earnings Account.

All moneys required to be deposited with or paid to the Trustee under any provision of the Indenture (1) shall be held by the Trustee in trust, and (2) (except for moneys held by the Trustee (a) for the redemption of Bonds, notice of redemption of which has been duly given, (b) as unclaimed monies under Section 408 of the Indenture or (c) in the Rebate Fund) shall, while held by the Trustee, constitute part of the Trust Revenues and be subject to the Lien of the Indenture. Moneys which have been deposited with, paid to or received by the Trustee for the redemption of a portion of the Bonds or for the payment of Bonds or interest thereon due and payable otherwise than upon acceleration by declaration, shall be held in trust for and be subject to a Lien in favor of only the Holders of such Bonds so redeemed or so due and payable.

Moneys held in the Rebate Fund shall not be subject to a security interest, pledge, assignment, Lien or charge in favor of the Trustee or any other Person.

#### Transfers of Trust Revenues to Funds (Section 403)

Commencing on the first date on which Loan Payments are received from the Institution pursuant to the Loan Agreement, and thereafter, the Trustee shall deposit such payments, upon the receipt thereof, into the Bond Fund, as provided in the Indenture.

#### The Project Fund (Section 404)

In addition to moneys deposited in the Project Fund from the proceeds of the sale of the Bonds and the amount received from the Institution, there shall be deposited into the Project Fund all other moneys received by the Trustee under or pursuant to the Indenture or the other Financing Documents which, by the terms of the Indenture or the other Financing Documents, are to be deposited in the Project Fund. Moneys on deposit in the Series 2017 Project Account of the Project Fund with respect to the Series 2017 Bonds shall be disbursed and applied by the Trustee as provided in the immediately succeeding paragraph and the Tax Compliance Agreement. Moneys on deposit in the Project Fund with respect to the Additional Bonds shall be disbursed in accordance with the provisions of the Supplemental Indenture authorizing issuance of such Additional Bonds.

On the Closing Date relating to the Series 2017 Bonds, or as soon thereafter as is practicable, the Trustee shall pay to the Prior Holder, from the moneys on deposit in the Project Fund, an amount equal to the Redemption Amount. The Redemption Amount shall be applied to redeem the Prior Bond on the earliest possible redemption date relating to the Prior Bond following the date of issuance of the Series 2017 Bonds.

The Trustee is authorized and directed to disburse the balance of the moneys on deposit in the Project Fund relating to the Series 2017 Bonds upon receipt by the Trustee of a Request for Disbursement, certified to by an Authorized Representative of the Institution in accordance with the applicable provisions of the Indenture, the Loan Agreement and the Tax Compliance Agreement.

Moneys on deposit in the Project Fund may be invested in Authorized Investments in accordance with the provisions of the Indenture. All interest and other income accrued and earned on amounts held in the Project Fund shall be deposited by the Trustee into the appropriate account of the Project Fund related to such monies and may be used to pay the Costs of the Project related to such account.

The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall, upon request of the Issuer or the Institution and within sixty (60) days after the date on which the amount on deposit in the Project Fund has been fully expended, file an accounting thereof with the Issuer and the Institution.

#### The Bond Fund (Section 405)

In addition to the moneys deposited into the Bond Fund (1) from the proceeds of the Bonds and (2) pursuant to Sections 403, 404 and 407 of the Indenture, there shall be deposited into the Bond Fund (a) all Loan Payments received from the Institution under the Loan Agreement (except payments made with respect to the Unassigned Rights, which shall be paid to the Issuer), (b) any amounts received from the Institution under the Bonds, (c) any amount in the Insurance and Condemnation Fund directed to be paid into the Bond Fund under the Indenture, (d) any amounts received from the Institution pursuant to Section 3.6 of the Loan Agreement, (e) all prepayments by the Institution in accordance with Section 5.3 of the Loan Agreement in connection with which notice has been given to the Trustee pursuant to Section 302 of the Indenture, and (f) all other moneys received by the Trustee under and pursuant to the Indenture or the other Financing Documents which by the terms of the Indenture or the other Financing Documents are to be deposited into the Bond Fund, or are accompanied by directions from the Institution or the Issuer that such moneys are to be paid into the Bond Fund.

Moneys on deposit in the Bond Fund may be invested in Authorized Investments in accordance with the provisions of the Indenture. All interest and other income accrued and earned on moneys on deposit in the Bond Fund shall be retained in the Trustee into the Bond Fund. Moneys on deposit in the Bond Fund shall, be applied by the Trustee to pay the principal of, premium, if any, and interest on the Bonds as the same become due, whether at Stated Maturity, upon acceleration of the Bonds or upon redemption of the Bonds.

Moneys on deposit in the Capitalized Interest Account may be used to pay interest accrued on the Series 2017 Bonds until the Completion Date as provided in the Tax Compliance Agreement.

#### Insurance and Condemnation Fund (Section 406)

The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee in connection with damage to or destruction of or the taking of part or all of the Project Facility shall be deposited into the Insurance and Condemnation Fund. If, following damage to or Condemnation of all or a portion of the Project Facility, (1) the Institution exercises its option not to repair, rebuild or restore the Project Facility and to provide for the defeasance and/or redemption of the Bonds, or (2) if a taking in Condemnation as described in Section 7.2(C) of the Loan Agreement occurs, the Trustee shall, after any transfer to the Rebate Fund required by the Tax Compliance Agreement and the Indenture is made, transfer all moneys held in the Insurance and Condemnation Fund to an escrow fund to be created by the Trustee at the written direction of the Institution, to be applied to the defeasance and/or redemption of the Bonds then Outstanding pursuant to the provisions of the Tax Compliance Agreement, except as provided in Section 410 of the Indenture.

If, following damage to or Condemnation of all or a portion of the Project Facility, the Institution elects to repair, rebuild or restore the Project Facility, and provided no Event of Default under the Indenture or under any other Financing Document has occurred and is continuing, moneys held in the Insurance and

Condemnation Fund and attributable to the damage to or the destruction of or the taking of the Project Facility shall, after any transfer to the Rebate Fund required by the Tax Compliance Agreement and the Indenture is made, be applied to pay the costs of such repairs, rebuilding or restoration in accordance with the Indenture.

If the cost of the repairs, rebuilding or restoration of the Project Facility effected by the Institution shall be less than the amount in the Insurance and Condemnation Fund, then on the completion of such repairs, rebuilding or restoration, the Trustee shall transfer such difference to the Bond Fund and use such amounts so transferred to provide for the defeasance and/or redemption of the Bonds in accordance with the Tax Compliance Agreement; provided that such amounts may be transferred to the Institution for its purposes if (1) the Institution so requests and (2) the Institution furnishes to the Trustee an opinion of Bond Counsel to the effect that payment of such moneys to the Institution will not, in and of itself, adversely affect the exclusion of the interest paid or payable on the Tax-Exempt Bonds from gross income for federal income tax purposes.

#### The Rebate Fund (Section 407)

The Trustee shall make information regarding the Bonds and investments under the Indenture available to the Institution. If a deposit to the Rebate Fund is required as a result of the computations made or caused to be made by the Institution, the Trustee shall upon receipt of written direction from the Institution accept such payment for the benefit of the Institution. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee shall upon written direction from the Authorized Representative of the Institution transfer such amount to the Institution. Records of the determinations required by the Indenture and the instructions must be retained by the Trustee until six years after the Bonds are no longer outstanding. Any provision of the Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien under the Indenture.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the Institution, shall deposit in the Rebate Fund Principal Account, within thirty (30) days after the end of each Bond Year commencing with the first Bond Year, an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated as of the last day of the prior Bond Year and so certified to the Trustee. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 404(D) of the Indenture or the restoration of the Project Facility pursuant to Section 406(E) of the Indenture at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund Principal Account upon receipt of such certification an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated on the Completion Date or at the time of restoration of the Project Facility, as the case may be. The amount to be deposited in the Rebate Fund shall be withdrawn from the fund or funds established under the Indenture designated by the Institution, or, in the event the amounts held in such fund or funds are less than the Rebate Amount, the amount to be deposited shall be withdrawn from the fund or funds established under the Indenture designated by the Institution or from other moneys made available by the Institution.

In the event that on the first day of any Bond Year, after the calculation of the Rebate Amount, the amount on deposit in the Rebate Fund Principal Account exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Issuer or the Institution, shall withdraw such excess amount and (1) prior to the Completion Date, shall transfer such excess to the Project Fund to be applied to the payment of Costs of the Project or (2) after the Completion Date, shall transfer such excess to the Bond Fund to be applied to the payment of the principal and interest and Sinking Fund Payments coming due on the Bonds on the next following Bond Payment Date.

The Trustee, upon the receipt of written instructions satisfactory to the Trustee from an Authorized Representative of the Institution, shall pay to the United States, from amounts on deposit in the Rebate Fund or from other moneys supplied by the Institution, (1) not less frequently than once every five (5) years after the date of original issuance of a Series of Tax-Exempt Bonds (or such other date as the Institution may choose, provided the Institution and the Trustee receive an opinion of Bond Counsel that such change will not cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes) and every five years thereafter until final retirement of the Bonds, an amount such that, together with prior amounts paid to the United States, the total amount paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to the Bonds as of the date of such payment plus all amounts then held in the Rebate Fund Earnings Account, and (2) not later than thirty (30) days after the date on which all Bonds of any particular Series of Tax-Exempt Bonds have been paid in full, one hundred percent (100%) of the Rebate Amount with respect to such Bonds as of the date of such payment plus all amounts relating thereto then held in the Rebate Fund Earnings Account.

The foregoing described provisions of the Indenture may be amended, without notice to or consent of the Bondholders, at the request of the Issuer or the Institution, to comply with the applicable regulations of the Treasury Department, upon the delivery by the Issuer or the Institution to the Trustee of an opinion of Bond Counsel that such amendment will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds which exists on the Closing Date.

#### Non-Presentation of Bonds (Section 408)

Subject to the provisions of the Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any interest payment on a Bond shall be unclaimed, if moneys sufficient to pay such Bond or interest shall have been deposited with the Trustee for the benefit of the Holder thereof, such Bond shall be deemed cancelled, redeemed or retired on such date even if not presented on such date or such interest shall be deemed paid, as the case may be, and all liability of the Issuer to the Holder thereof for the payment of such Bond or interest shall forthwith cease, terminate and be completely discharged; and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond or interest thereon who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or with respect to such Bond or interest.

Subject to any law to the contrary, if any Bond shall not be presented for payment or any interest payment shall not be claimed prior to the earlier of (1) two (2) years following the date when such Bond or interest becomes due, either at maturity or at the date fixed for redemption or otherwise, or (2) the Business Day prior to the date on which such moneys would escheat to the State, the Trustee shall, upon written request of the Institution, return to the Institution all funds held by the Trustee for the payment of such Bond or interest. Thereafter, (a) the Owner of such Bond shall be entitled to look only to the Institution for payment of such Bond or interest, and then only to the extent of the amount so repaid to the Institution, who shall not be liable for any interest thereon and shall not be regarded as a trustee of such money, (b) all liability of the Trustee with respect to such moneys shall terminate, and (c) such Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the Institution.

#### Final Disposition of Moneys (Section 410)

In the event there are no Bonds Outstanding, and subject to any applicable law to the contrary, after payment of all fees, charges and expenses, including, but not limited to reasonable attorney's fees, of the Issuer and the Trustee and all other amounts required to be paid under the Indenture and under the other Financing Documents and after payment of any amounts required to be rebated to the United States under



the Indenture and under the Tax Compliance Agreement or any provision of the Code, all amounts remaining in any fund established under the Indenture shall be transferred to the Institution (except amounts held with respect to the Unassigned Rights, which amounts shall be paid to the Issuer, and except for moneys held for the payment or redemption of Bonds which have matured or been defeased or notice of the redemption of which has been duly given and any other unclaimed monies held under Section 408 of the Indenture, which shall be held for the benefit of the Owners of such Bonds).

No Modification of Security; Limitation on Liens (Section 508)

The Issuer covenants that it will not, without the written consent of the Trustee, alter, modify or cancel, or agree to alter, modify or cancel, the Loan Agreement or any other Financing Document to which the Issuer is a party, or which has been assigned to the Issuer, and which relates to or affects the security for the Bonds, except as contemplated by the Indenture or pursuant to the terms of such document. The Issuer further covenants that, except for the Financing Documents and other Permitted Encumbrances, the Issuer will not incur, or suffer to be incurred, any mortgage, Lien, charge or encumbrance on or pledge of any of the Trust Estate prior to or on a parity with the Lien of the Indenture.

Covenant Against Arbitrage Bonds (Section 512)

So long as any Tax-Exempt Bonds shall be Outstanding, the Issuer shall not use or direct or permit the use of the proceeds of the Tax-Exempt Bonds or any other moneys in its control (including, without limitation, the proceeds of any insurance settlement or Condemnation award with respect to the Project Facility) in such manner as would cause any of the Tax-Exempt Bonds to be an “arbitrage bond” within the meaning of such quoted term in Section 148 of the Code.

The Issuer shall not be responsible for the calculation or payment of any rebate amount required by Section 148 of the Code.

The Trustee shall not be responsible for the calculation, or the payment from its own funds, of any amount required to be rebated to the United States under Section 148 of the Code. The Trustee shall, however, make such transfers to the Rebate Fund and pay such amounts from the funds and accounts created under the Indenture and from the Institution’s funds to the United States as the Institution, in accordance with the Indenture and the Tax Compliance Agreement, shall direct.

Events of Default (Section 601)

The Indenture provides that each of the following events will constitute an Event of Default:

(A) failure by the Issuer to make due and punctual payment of the interest or premium or Sinking Fund Payments on any Bond, or failure by the Issuer to make due and punctual payment of the principal of any Bond, whether at the Stated Maturity thereof, or upon proceedings for the redemption thereof, or upon the maturity thereof by declaration;

(B) subject to any right to waive the same as set forth in the Financing Documents, receipt by the Trustee of notice, or actual notice on the part of the Trustee, of the occurrence of an Event of Default under any of the other Financing Documents; or

(C) subject to the provisions of Section 613 of the Indenture, default in the performance or observance of any other covenant, agreement or condition on the part of the Issuer in the Indenture or in any Bond to be performed or observed and the continuance thereof for a period of thirty (30) days after written notice thereof is given to the Issuer and the Institution by the Trustee or by the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding.

#### Acceleration (Section 602)

Upon (1) the occurrence of an Event of Default described in paragraph (A) under the caption “SUMMARY OF THE INDENTURE - Events of Default” the Trustee shall, or (2) the occurrence of an Event of Default described in paragraphs (B) or (C) under the caption “SUMMARY OF THE INDENTURE - Events of Default” and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, the Trustee shall, by notice in writing delivered to the Institution, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement.

#### Enforcement of Remedies (Section 603)

Upon the occurrence and during the continuance of any Event of Default, the Trustee shall exercise such of the rights and powers vested in the Trustee by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. In considering what actions are or are not prudent in the circumstances, the Trustee shall consider whether or not to take such action as may be permitted to be taken by the Trustee under any of the Financing Documents.

Upon the occurrence and during the continuance of any Event of Default, the Trustee may proceed forthwith to protect and enforce its rights under the Enabling Act, the Loan Agreement and the other Financing Documents by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

Upon the occurrence and during the continuance of any Event of Default, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce payment of and receive any amounts due or becoming due from the Issuer or the Institution under any of the provisions of the Indenture, the Loan Agreement and the other Financing Documents, without prejudice to any other right or remedy of the Trustee or the Bondholders. The Trustee may sue for, enforce payment of and receive any amounts due or becoming due from the Institution for principal, premium, interest or otherwise under any of the provisions of the Indenture or the other Financing Documents, without prejudice to any other right or remedy of the Trustee.

Regardless of the happening of an Event of Default, the Trustee may institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture and the other Financing Documents by any acts which may be unlawful or in violation of the Indenture or of any other Financing Document or of any resolution authorizing the Bonds, or to preserve or protect the interest of the Trustee and/or the Bondholders.

#### Rights of Bondholders to Direct Proceedings (Section 607)

The Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right at any time, by an instrument in writing executed and delivered to the Trustee and upon offering the Trustee the security and indemnity provided for in the Indenture, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, the Loan Agreement or the other Financing Documents, or for the appointment of a receiver or any other proceedings thereunder, provided that such direction, in the opinion of Independent Counsel, is in accordance with the provisions of law and is not unduly prejudicial to the interests of the Bondholders not joining such direction.

Application of Moneys (Section 609)

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including reasonable attorneys' fees) incurred or made by the Trustee, be deposited into the Bond Fund; and all moneys in the Bond Fund shall be applied, together with the other moneys held by the Trustee under the Indenture (other than amounts on deposit in the Rebate Fund and unclaimed funds held), as follows:

(1) Unless the principal of all the Bonds shall have become due or shall have 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 on the Bonds, 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 particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND - to the payment to the Persons entitled thereto of the unpaid principal of and any premium on the Bonds (other than Bonds called for redemption for the payment of which moneys shall be held pursuant to the provisions of the Indenture) which shall have become due, in order of their maturities, with interest from the date upon which they became due and, if the amount available shall not be sufficient to pay in full the principal of and premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to amounts due respectively for principal, interest and premium, if any, to the Persons entitled thereto, without any discrimination or privilege; and

THIRD - to the payment to the Persons entitled thereto of the principal of, premium, if any, on, or interest on the Bonds which may thereafter become due and payable, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of interest, principal and premium, if any, due on such date to the Persons entitled thereto, without any discrimination or privilege.

(2) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal and premium over interest or of interest over principal and premium, or of any installment of interest over any other installment of interest, or of any Bonds over any other Bonds, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the Persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions described in item (1) of the preceding paragraph, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for such application and the likelihood of additional moneys becoming available in the future. Whenever moneys are to be applied pursuant to the provisions described in item (2) of the preceding paragraph, such moneys shall be applied as soon as practicable upon receipt thereof. In either case, the Trustee shall give such notice as the Trustee may deem appropriate of the deposit with the Trustee of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee and a new Bond is issued or the Bond is cancelled if fully paid.

#### Notice of Defaults; Opportunity to Cure (Section 614)

Anything in the Loan Agreement to the contrary notwithstanding, no default described in paragraphs (B) or (C) under the caption "SUMMARY OF THE INDENTURE - Events of Default" shall constitute an Event of Default until the Trustee shall have received written notice thereof or shall have actual notice thereof and until actual notice of such default by registered or certified mail shall be given by the Trustee or by the Holders of not less than fifty-one (51%) percent of the aggregate principal amount of Bonds then Outstanding to the Issuer and the Institution (with a copy to the Trustee if given by the Holders), and the Issuer and the Institution shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Institution within the applicable period and diligently pursued until the default is corrected.

#### Acceptance of the Trusts (Section 701)

The Trustee has accepted the trusts imposed upon it by the Indenture and has agreed to perform said trusts upon the following terms and conditions:

The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties under the Indenture by or through attorneys, agents, receivers or employees, but shall not be answerable for the conduct of the same if appointed without gross negligence, and shall be entitled to advice of counsel concerning all matters of the trusts of the Indenture and the duties under the Indenture, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts of the Indenture. The Trustee may act upon the opinion or advice of any attorney appointed without gross negligence, who may be the attorney or attorneys for the Issuer, and shall not be responsible for any loss or damage resulting from any action or nonaction in reliance upon any such opinion or advice.

The Trustee may become the Owner of Bonds secured by the Indenture with the same rights which it would have if not the Trustee.

Before taking any action under the Indenture (except declaring an Event of Default, a mandatory redemption or an acceleration of the Bonds pursuant to the Indenture), the Trustee may require that a security and indemnity reasonably satisfactory to it be deposited with it for the reimbursement of all fees, costs and expenses including, but not limited to, reasonable attorney's fees and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

The Trustee shall not be required to take notice or be deemed to have notice of the occurrence of any Event of Default other than an Event of Default under paragraph (1) under the caption "SUMMARY OF THE INDENTURE - Events of Default" above, unless the Trustee shall have actual knowledge of such Event of Default or unless the Trustee shall be specifically notified in writing of such Event of Default by the Issuer or the Institution or the Owners of at least fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding under the Indenture, and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default, except as aforesaid.

Appointment of Successor Trustee by the Bondholders; Temporary Trustee (Section 708)

In case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their duly authorized attorneys; provided, nevertheless, that in case of vacancy, the Issuer (at the written direction of the Institution) by an instrument executed and signed by the Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by such Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer (at the written direction of the Institution) shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Every such successor or temporary Trustee appointed pursuant to the provisions of the paragraph above shall (1) be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, (2) be located within or outside the State, (3) be duly authorized to exercise trust powers in the State, (4) be subject to examination by a federal or state authority, and (5) maintain a reported capital and surplus of not less than \$20,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully guaranteed by a corporation organized and doing business under the laws of the United States, and State or Territory thereof or of the District of Columbia, that has a combined capital and surplus of at least \$50,000,000), if there be one able and willing to accept the trust on reasonable and customary terms.

Supplemental Indentures not Requiring Consent of Bondholders (Section 801)

The Issuer and the Trustee, without the consent of, or notice to, any of the Bondholders, may enter into an indenture or indentures supplemental to the Indenture and not inconsistent with the terms and provisions of the Indenture or, in the sole judgment of the Trustee, materially adverse to the interests of the Trustee or the Holders of the Bonds, for any one or more of the following purposes:

- (1) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (2) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;
- (3) to subject additional rights and revenues to the Lien of the Indenture, or to identify more precisely the Trust Estate;
- (4) to obtain or maintain a rating on the Bonds from Moody's or Standard & Poor's;
- (5) to comply with the provisions of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes;
- (6) to modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state blue sky law;
- (7) to enable the issuance of Additional Bonds;

(8) to permit the Bonds to be converted to certificated securities to be held by the registered Owners thereof; or

(9) for any other purpose not materially adverse to the interests of the Holders of the Bonds.

Supplemental Indentures Requiring Consent of Bondholders (Section 802)

Other Supplemental Indentures modifying the Indenture may be approved by the Holders of not less than two-thirds in aggregate principal amount of the Bonds Outstanding; provided that no Supplemental Indenture is permitted which would permit (1) without the consent of the Holder of such Bond, (a) a reduction in the rate, or extension of the time of payment, of interest on any Bond, (b) a reduction of any premium payable on the redemption of any Bond, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bond, or an extension of time in which the principal amount of any Bond is payable, whether at the stated or declared maturity or redemption thereof, (2) the creation of any Lien prior to or on a parity with the Lien of the Indenture (other than that parity Lien created to secure the Additional Bonds), (3) a reduction in the aforesaid aggregate principal amount of Bonds, the Holders of which are required to consent to any such Supplemental Indenture, without the consent of the Holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (4) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (5) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

Supplemental Indentures; Consent of the Institution (Section 803)

Supplemental Indentures which affect the rights or liabilities of the Institution under the Indenture require the consent of the Institution.

Amendments to the Loan Agreement or other Financing Documents not Requiring Consent of Bondholders (Section 901)

The Issuer, the Institution and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Loan Agreement or any other Financing Document (other than the Indenture) as may be required (1) by the provisions of any Financing Document, (2) for the purpose of curing any ambiguity, inconsistency or formal defect therein or omission therefrom, (3) so as to identify more precisely the Trust Estate or the Project Facility, (4) in connection with any Supplemental Indenture entered into pursuant to Section 801 of the Indenture, or to effect any purpose for which there could be a Supplemental Indenture pursuant to Section 801 of the Indenture, (5) to obtain or maintain a rating on the Bonds from Moody's or Standard & Poor's, (6) to permit the issuance of Additional Bonds, (7) to comply with the provisions of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (8) in connection with any other Supplemental Indenture, but only if any such amendment, change or modification, in the sole judgment of the Trustee, is not materially adverse to the interests of the Trustee or the Bondholders.

Amendments to Loan Agreement or other Financing Documents Requiring Consent of Bondholders (Section 902)

Except for the amendments, changes or modifications as provided under the above caption, neither the Issuer, the Institution nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or any other Financing Document (other than the Indenture) without mailing notice thereof to, and obtaining the written approval or consent thereto of, the Holders of not less than two-thirds in aggregate principal amount of the Bonds at the time Outstanding given as provided in the Indenture.

#### Satisfaction and Discharge of Lien (Section 1001)

If the Issuer (1) shall pay or cause to be paid, to the Holders and Owners of the Bonds, the principal of the Bonds and premium, if any, due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, (2) shall pay or cause to be paid from any source, to the Holders and Owners of the Bonds, the interest to become due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, (3) shall have paid all fees, costs and expenses including, but not limited to, reasonable attorney's fees of the Trustee and each paying agent, (4) shall pay or cause to be paid the entire Rebate Amount to the United States in accordance with the Tax Compliance Agreement and the Indenture, and (5) shall cause to be delivered an opinion of Independent Counsel stating that all conditions precedent with respect to the satisfaction and discharge of the Indenture have been met, then the Indenture and the trust and rights thereby granted shall cease, terminate and be void, and thereupon the Trustee shall (a) cancel and discharge the Lien of the Indenture upon the Trust Estate and the Trustee's rights under the other Financing Documents and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy same, (b) reconvey to the Issuer the Loan Agreement and the trust conveyed by the Indenture, and (c) assign and deliver to the Institution any interest in Property at the time subject to the Lien of the Indenture and the other Financing Documents which may then be in its possession, except amounts held by the Trustee for the payment of principal of, and the interest and premium, if any, on, the Bonds.

All Outstanding Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid if, under circumstances which, in the opinion of Bond Counsel, do not adversely affect the exclusion under the Code of interest on the Tax-Exempt Bonds from the gross income of the Holders thereof for Federal income tax purposes, the following conditions shall have been fulfilled: (1) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Institution shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided in the Indenture; and (2) there shall be on deposit with the Trustee moneys, which shall be either cash or Defeasance Obligations, in an amount sufficient, without the need for further investment or reinvestment, but including any scheduled interest on or increment to such obligations, to pay when due the principal, premium, if any, and interest due and to become due on the Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and to pay the Trustee for its Ordinary Services and Ordinary Expenses and for its Extraordinary Services and Extraordinary Expenses under the Indenture.

#### Defeasance (Section 1002)

So long as the Bonds remain outstanding, then, notwithstanding the provisions of Section 1001, the Bonds may not be defeased, unless no less than five (5) Business Days prior to the scheduled defeasance, the Trustee shall be notified and provided with draft copies of the proposed escrow agreement (the "Escrow Agreement"), a verification report from a verifier acceptable to the Trustee (in form and substance satisfactory to the Trustee) stating that the escrow is sufficient to meet the standards of Section 1001 hereof (the "Verification Report"), and an opinion of Bond Counsel to the effect that all of the requirements of the Financing Documents for defeasance of the Bonds have been complied with.

Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal, premium, if any, and interest as scheduled on the Bonds to and including the date of redemption.

## SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following summarizes certain provisions of the Loan Agreement to which reference is made for the detailed provisions thereof. The following should not be considered a full statement of the Loan Agreement.

### Representations, Warranties and Covenants of the Issuer (Section 2.1)

The Issuer will make the following representations, warranties and covenants, among others:

(1) The Issuer is duly established under the provisions of the Act and has the power to enter into the Loan Agreement and to carry out the obligations thereunder. By proper official action, the Issuer has been duly authorized to execute, deliver and perform the Loan Agreement and the other Financing Documents to which the Issuer is a party.

(2) Subject to the limitations contained in the Loan Agreement, so long as the Series 2017 Bonds shall be Outstanding, the Issuer will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Institution, together with Bond Counsel, advise the Issuer in writing should be taken) or allow any action to be taken, which action (or omission) would in any way cause (1) the proceeds from the sale of the Series 2017 Bonds to be applied in a manner contrary to that provided in the Financing Documents, or (2) adversely affect the exclusion of the interest paid or payable on the Series 2017 Bonds from gross income for federal income tax purposes. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the Institution is required to rebate any amount with respect to such administrative fee, the Issuer shall provide, upon the reasonable request of the Institution, such information concerning the investment of such administrative fee as shall be requested by the Institution and as shall be reasonably available to the Issuer.

### Representations, Warranties and Covenants of the Institution (Section 2.2)

The Institution makes the following representations and covenants as the basis for the undertakings on its part contained in the Loan Agreement:

(1) The Institution is a not-for-profit education corporation duly organized and validly existing under the laws of the State of New York, is duly authorized to do business in the State, has the power to enter into the Loan Agreement and the other Financing Documents to which the Institution is a party and to carry out its obligations thereunder, has been duly authorized to execute the Loan Agreement and the other Financing Documents to which the Institution is a party, and is qualified to do business in all jurisdictions in which its operations or ownership of Property so requires. The Loan Agreement and the other Financing Documents to which the Institution is a party, and the transactions contemplated thereby, have been duly authorized by all necessary action on the part of the board of trustees of the Institution.

(2) The Institution will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Issuer, together with Bond Counsel, advise the Institution in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (1) adversely affect the exclusion of the interest paid or payable on the Series 2017 Bonds from gross income for federal income tax purposes, or (2) cause the proceeds of the Series 2017 Bonds to be applied in a manner contrary to that provided in the Financing Documents.

(3) The Project Facility and the operation thereof will comply in all material respects with all Applicable Laws, and the Institution will defend and save the Issuer and its trustees, members, directors,



officers, agents, servants and employees harmless from all fines and penalties due to failure to comply therewith. The Institution shall cause all notices required by all Applicable Laws to be given, and shall comply or cause compliance in all material respects with all Applicable Laws, and the Institution will defend and save the Issuer and its trustees, members, directors, officers, agents, servants and employees harmless from all fines and penalties due to failure to comply therewith.

(4) The Institution will comply with all of the terms, conditions and provisions of the Tax Compliance Agreement. All of the representations, certifications, statements of reasonable expectation and covenants made by the Institution in the Tax Compliance Agreement are declared to be for the benefit of, among others, the Issuer and are incorporated in the Loan Agreement by reference as though set forth in full in the Loan Agreement.

(5) All proceeds of the Series 2017 Bonds shall be used to pay the Cost of the Project related to the Series 2017 Project, and the total Cost of the Project, including all costs related to the issuance of the Series 2017 Bonds, shall not be less than the total Bond Proceeds advanced by the Trustee under the Indenture. In no event will “costs of issuance” (within the meaning of Section 147(g) of the Code) paid from the proceeds of the Series 2017 Bonds exceed two percent (2%) of the proceeds of the Series 2017 Bonds.

#### Covenant with the Trustee and the Bondholders (Section 2.3)

The Issuer and the Institution agree that the Loan Agreement is executed in part to induce the purchase by others of the Bonds. Accordingly, all covenants and agreements on the part of the Issuer and the Institution set forth in the Loan Agreement are declared to be for the benefit of the Trustee and the owners from time to time of the Bonds.

#### Undertaking and Completion of the Project (Section 3.1)

The Institution will undertake and complete the acquisition, construction, reconstruction and installation of the New Money Project Facility. The Institution is the owner of the Series 2017 Project Facility for federal income tax purposes, and the Series 2017 Project Facility is used and will be used by the Institution in activities which do not constitute an “unrelated trade or business” within the meaning of Section 513(a) of the Code.

#### Issuance of the Series 2017 Bonds; Loan of the proceeds thereof. (Section 3.2)

In order to make the Loan for the purposes of financing a portion of the Cost of the Project, together with other costs and incidental expenses in connection therewith, the Issuer agrees that it will use its best efforts to (a) issue and deliver the Series 2017 Bonds in the aggregate principal amount of \$[\_\_\_\_\_], and (b) cause the Series 2017 Bonds to be delivered to the Underwriter, as original purchaser of the Series 2017 Bonds, all as provided in the Bond Resolution, the Purchase Contract and the Indenture.

As provided in the Indenture, the proceeds from the sale of the Series 2017 Bonds shall be loaned by the Issuer to the Institution and paid as follows: (1) a sum equal to any accrued interest, if any, paid by the Underwriter as original purchaser shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Bond Fund, (2) a sum designated as capitalized interest shall be deposited by the Issuer with the Trustee and deposited by the Trustee in the Capitalized Interest Account of the Bond Fund, and (3) the balance of the proceeds from the sale of the Series 2017 Bonds shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Series 2017 Project Account of the Project Fund. As provided in the Purchase Contract, the Underwriter will advance the proceeds of the sale of the Series 2017 Bonds to the Trustee in a single advance for deposit in accordance with the provisions of the Indenture. Pending disbursement pursuant to the Loan Agreement and the Indenture, the proceeds of the Series 2017 Bonds deposited in accordance with the provisions of the Indenture, together with any investment earnings

thereon, shall constitute a part of the Trust Estate assigned by the Issuer to the payment of Debt Service Payments as provided in the Indenture.

Application of Proceeds of the Series 2017 Bonds (Section 3.3)

The proceeds of the sale of the Series 2017 Bonds shall be deposited by the Issuer with the Trustee as provided in the Indenture for deposit in the Series 2017 Project Account of the Project Fund.

Any disbursements from the Project Fund for the payment of the costs relating to the Series 2017 Project shall be made by the Trustee only upon the written order of the Authorized Representative of the Institution.

Any moneys relating to the Series 2017 Bonds remaining in the Series 2017 Project Account of the Project Fund after the Completion Date and the payment, or provision for payment, in full of the Costs of the Project, at the direction of the Authorized Representative of the Institution, promptly shall be:

- (1) used for the purchase of Series 2017 Bonds in the open market for the purpose of cancellation at prices not exceeding the full market value thereof plus accrued interest thereon to the date of payment therefor;
- (2) paid into the Bond Fund to be applied to the redemption of the Series 2017 Bonds;
- or
- (3) used for a combination of the foregoing as is provided in that direction.

In all such cases, any payments made pursuant to the preceding paragraph shall be made only to the extent that such use or application will not, in the opinion of Bond Counsel or under ruling of the Internal Revenue Service, result in the interest on the Series 2017 Bonds becoming included in the gross income of the Holders thereof for federal income tax purposes.

Completion of the Project (Section 3.4)

The Institution will proceed with due diligence to commence and complete the acquisition, construction, reconstruction and installation of the New Money Project Facility.

Completion by the Institution (Section 3.5)

In the event that the proceeds of the Series 2017 Bonds are not sufficient to pay in full all costs of the Series 2017 Project, the Institution agrees to complete the Series 2017 Project and to pay all such sums as may be in excess of the moneys available therefor in the Series 2017 Project Account of the Project Fund.

Investment of Fund Moneys (Section 3.6)

At the written request of the Authorized Representative of the Institution, any moneys held as part of any Fund created under the Indenture shall be invested or reinvested by the Trustee in Authorized Investments. The Institution covenants that the Institution will restrict that investment and reinvestment and the use of the proceeds of the Series 2017 Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Series 2017 Bonds, so that the Series 2017 Bonds will not constitute arbitrage bonds under Section 148 of the Code.

Rebate Fund (Section 3.7)

The Institution agrees to make such payments to the Trustee as are required of it under Section 407 of the Indenture and to pay the costs and expenses of the independent certified public accounting firm or firm of attorneys engaged in accordance with Section 407 of the Indenture. The obligation of the Institution to make such payments shall remain in effect and be binding upon the Institution notwithstanding the release and discharge of the Indenture.

Loan Payments and other Amounts Payable (Section 5.1)

Upon the terms and conditions of the Loan Agreement, the Issuer will make the Loan to the Institution. In consideration of and in repayment of the Loan, the Institution shall make, as Loan Payments, payments sufficient in amount to pay when due the Debt Service Payments due and payable on the Bonds. The Institution shall pay Loan Payments as follows:

(1) on or before the fifth (5th) Business Day immediately preceding each Interest Payment Date, the Institution shall cause immediately available funds to be delivered to the Trustee for deposit into the Bond Fund, in an amount equal to the amount due as interest on the Bonds on the next succeeding Interest Payment Date, so that the amount on deposit in the Bond Fund and available for the payment of interest on the fifth (5th) Business Day next preceding such Interest Payment Date, when added to the amount in the Bond Fund and available to the Trustee for such purpose, shall equal the interest payable on the Bonds on such Interest Payment Date;

(2) on or before the fifth (5th) Business Day immediately preceding each Bond Payment Date upon which a Sinking Fund Payment is due on the Bonds, the Institution shall cause immediately available funds to be delivered to the Trustee for deposit into the Bond Fund, in an amount equal to the amount due as a Sinking Fund Payment on the Bonds on such Bond Payment Date; and

(3) on or before the fifth (5th) Business Day immediately preceding each Bond Payment Date upon which a principal payment is due on the Bonds, the Institution shall cause immediately available funds to be delivered to the Trustee for deposit into the Bond Fund, in an amount equal to the amount due as principal on the Bonds on such Bond Payment Date;

provided, however, that the obligation of the Institution to make any payment under the Loan Agreement shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Institution to the Trustee under the Bonds.

The Institution shall pay as additional Loan Payments under the Loan Agreement any premium when due on the Bonds and the following:

(1) Within thirty (30) days after receipt of a written demand therefor from the Trustee, the Bond Registrar or any Paying Agent, the Institution shall pay to the Trustee, the Bond Registrar or any Paying Agent, as the case may be, the following amounts: (a) the reasonable fees, costs and expenses of the Trustee, the Bond Registrar or Paying Agent for performing the obligations of the Trustee under the Indenture and the other Financing Documents; (b) the sum of the expenses of the Trustee, the Bond Registrar or Paying Agent reasonably incurred in performing the obligations of (i) the Institution under the Loan Agreement, or (ii) the Issuer under the Bonds, the Indenture or the Loan Agreement; and (c) the reasonable attorneys' fees of the Trustee, the Bond Registrar or Paying Agent incurred in connection with the foregoing and other moneys due the Trustee, the Bond Registrar or Paying Agent pursuant to the provisions of any of the Financing Documents.

(2) (a) On the Closing Date, the Institution shall pay to the Issuer, (i) a lump sum payment in an amount equal to \$[\_\_\_\_\_], representing the Issuer's administration fee for the issuance of the Series 2017 Bonds; plus (ii) an additional lump sum payment in an amount equal to the fees and expenses of Bond Counsel to the Issuer relating to the Series 2017 Project.

(b) Within thirty (30) days after receipt of a demand therefor from the Issuer, the Institution shall pay to the Issuer the sum of the reasonable expenses (including, without limitation, reasonable attorney's fees and expenses) of the Issuer and the trustees, members, directors, officers, agents, servants and employees thereof incurred by reason of the Issuer's making of the Loan, the financing of the Series 2017 Project, the issuance and delivery of any Bonds, the marketing or remarketing of any Bonds or in connection with the carrying out of the Issuer's duties and obligations under the Loan Agreement or any of the other Financing Documents, and any other fee or expense of the Issuer with respect to the Series 2017 Project, the Project Facility, the Bonds or any of the other Financing Documents, the payment of which is not otherwise provided for under the Loan Agreement.

In the event of an application of moneys in the Project Fund toward prepayment of the principal of the Bonds pursuant to Section 404(D) of the Indenture, there shall be no abatement or reduction in the amounts payable by the Institution under Section 5.1 of the Loan Agreement.

The Institution shall be entitled to a credit against the Loan Payments next required to be made to the extent that the balance of the Bond Fund is then in excess of amounts required (1) for payment of Bonds theretofore matured or theretofore called for redemption, (2) for payment of interest for which checks or drafts have been drawn and mailed by the Trustee, and (3) for deposit in the Bond Fund for use other than for the payment of Debt Service Payments on the Interest Payment Date next following the applicable date such Loan Payments are due. In any event, however, if on any Bond Payment Date, the balance in the Bond Fund is insufficient to make required payments of Debt Service Payments on the Bonds, the Institution forthwith will pay to the Trustee, for the account of the Issuer and for deposit into the Bond Fund, any deficiency.

#### Nature of Obligations of the Institution Under the Loan Agreement (Section 5.2)

The obligations of the Institution to make the payments required to be made under the Loan Agreement and to perform and observe any and all of the other covenants and agreements on its part contained in the Loan Agreement shall be general obligations of the Institution and shall be absolute and unconditional irrespective of any defense or any right of set-off, recoupment, counterclaim or abatement that the Institution may otherwise have against the Issuer or the Trustee. The Institution agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants or agreements contained in, the Loan Agreement, or terminate the Loan Agreement for any cause whatsoever.

#### Prepayment of Loan Payments (Section 5.3)

At any time that the Bonds are subject to redemption under the Indenture, the Institution may, at its option, prepay, in whole or in part, the Loan Payments payable under the Loan Agreement by causing there to be moneys in an amount equal to the Redemption Price of the Bonds being redeemed, or the Purchase Price of Bonds being purchased in lieu of redemption, on deposit with the Trustee no later than the date such moneys are to be applied to the redemption of such Bonds under the Indenture.

#### Maintenance and Modification of Facility by the Institution (Section 6.1)

So long as any of the Bonds are Outstanding, and during the term of the Loan Agreement, the Institution shall keep and maintain or make arrangements with others to keep and maintain the Project Facility in accordance with (1) the requirements of the Financing Documents, and (2) the purposes and

requirements of the Act and the Code. The Institution further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Project Facility except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards as provided in Article VII of the Loan Agreement.

So long as any of the Series 2017 Bonds are Outstanding, and during the term of the Loan Agreement, the Institution shall keep and maintain or make arrangements with others to keep and maintain the Project Facility in accordance with purposes and requirements of the Code necessary to preserve the adversely affect the exclusion from gross income for federal income tax purposes of the interest paid and payable on the Series 2017 Bonds.

Taxes, Assessments And Utility Charges (Section 6.2)

The Institution is required to pay or cause to be paid all taxes, assessments and utility charges associated with the Project Facility.

Insurance Required (Section 6.3)

The Institution is required to maintain insurance to protect the interests of the Institution, the Issuer and the Trustee.

Damage, Destruction and Condemnation of the Project Facility (Section 7.1 and Section 7.2)

In the case of damage to or the destruction or Condemnation of the Project Facility, the Institution, but not the Issuer, will have an obligation to replace, repair, rebuild or restore the Project Facility, using insurance or Condemnation proceeds for this purpose to the extent available, unless the Institution elects not to replace, repair, rebuild or restore the Project Facility and to cause a redemption of the Bonds in accordance with the Indenture. If the Institution opts to redeem the Bonds and if the Net Proceeds collected under any and all policies of insurance or of any Condemnation award are less than the amount necessary to redeem the Bonds in full and pay any and all amounts payable under the Bond Documents to the Issuer and the Trustee, the Institution will be required to pay to the Trustee the difference between such amounts and the Net Proceeds of all insurance settlements and Condemnation awards so that all the Bonds then Outstanding will be redeemed and any and all amounts payable under the Bond Documents to the Issuer and the Trustee will be paid in full.

Termination (Section 8.15)

Upon (1) payment in full of the Loan evidenced by the Bonds, (2) termination of the Pledge and Assignment, (3) payment in full of all other Indebtedness evidenced by the Loan Agreement and (4) performance by the Institution of all other obligations of the Institution to the Issuer pursuant to the provisions of the Loan Agreement (collectively, the "Termination Preconditions"), the Loan Agreement shall terminate. Upon satisfaction of the Termination Preconditions, the Issuer agrees to execute and deliver to the Institution that certain document terminating the Loan Agreement.

Use of the Project Facility (Section 8.16)

Subsequent to the Closing Date, (A) the Institution shall not use the Project Facility, or permit the Project Facility to be used, by any nonexempt person or in any "unrelated trade or business", within the meaning of Section 513(a) of the Code, in such manner or to such extent as would cause the interest paid or payable on the Tax-Exempt Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes or loss of the Institution's status as an exempt organization under Section 501(c)(3) of the Code, and (B) the Institution shall be entitled to use the Project Facility as an educational facility and other directly and indirectly related activities for use by the Institution, but not (1) as facilities

used or to be used primarily for sectarian instruction or as a place of religious worship or (2) primarily as in connection with any part of a program of a school or department of divinity for any religious denomination.

Assignments (Section 9.1)

The Loan Agreement may not be assigned by the Institution, in whole or in part, without the prior written consent of the Issuer and the Trustee.

Merger of the Issuer (Section 9.2)

Nothing contained in the Loan Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or assignment by the Issuer of its rights and interests under the Loan Agreement to, any other public instrumentality or a political subdivision of the State or Schenectady County, New York which has the legal authority to perform the obligations of the Issuer under the Loan Agreement, provided that (1) the exclusion of the interest payable on the Tax-Exempt Bonds from gross income for Federal income tax purposes shall not be adversely affected thereby; and (2) upon any such consolidation, merger or assignment, the due and punctual performance and observance of all of the agreements and conditions of the Loan Agreement, the Bonds and the Indenture to be kept and performed by the Issuer shall be expressly assumed in writing by the public instrumentality or political subdivision resulting from such consolidation or surviving such merger or to which the Issuer's rights and interests under the Loan Agreement shall be assigned.

Events of Default Defined (Section 10.1)

The following shall be "Events of Default" under the Loan Agreement:

(1) A default by the Institution in the due and punctual payment of the amounts specified to be paid pursuant to Section 5.1(A) of the Loan Agreement.

(2) The Institution shall fail to deliver to the Trustee, or cause to be delivered on its behalf, the moneys needed to redeem any outstanding Bonds in the manner and upon the date requested in writing by the Trustee as provided in Article III of the Indenture.

(3) A default in the performance or observance of any other of the material covenants, conditions or agreements on the part of the Institution in the Loan Agreement and the continuance thereof for a period of thirty (30) days after written notice is given by the Issuer or the Trustee to the Institution (with a copy to the Trustee, if given by the Issuer), or, if such covenant, condition or agreement is capable of cure but cannot be cured within such thirty (30) day period, the failure of the Institution to commence to cure within such thirty (30) day period and to thereafter prosecute the same with due diligence and, in any event, to cure such default within sixty (60) days after such written notice is given.

(4) The occurrence of an "Event of Default" under any of the other Financing Documents.

(5) Any material representation or warranty made by the Institution in the Loan Agreement or in any other Financing Document proves to have been materially false at the time it was made.

(6) The Institution shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due.

(7) (a) The filing by the Institution (as debtor) of a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy statute; (b) the failure by the Institution within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair the Institution's ability to carry out its obligations under the Loan Agreement; (c) the commencement of a case under the Bankruptcy Code against the Institution as the debtor or commencement under any other federal or state bankruptcy statute of a case, action or proceeding against the Institution and continuation of such case, action or proceeding without dismissal for a period of sixty (60) days; (d) the entry of an order for relief by a court of competent jurisdiction under the Bankruptcy Code or any other federal or state bankruptcy statute with respect to the debts of the Institution; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the Property of the Institution, unless such order, judgment or decree is vacated, dismissed or dissolved within sixty (60) days of such appointment.

(8) Any provision of the Loan Agreement or any of the other Financing Documents shall at any time for any reason cease to be valid and binding on the related obligor thereunder or shall be declared to be null and void by any court or Governmental Authority or agency having jurisdiction over the Institution, or the validity or the enforceability thereof shall be contested by the Institution, the Issuer or the Trustee, in a judicial or administrative proceeding or the Institution shall revoke or attempt to revoke the Indenture.

(9) Any Financing Document shall cease to be in full force and effect, or any Lien created or purported to be created in any collateral pursuant to any Financing Document shall fail to be valid, enforceable and perfected Lien in favor of the secured party or parties named in such Financing Document, having the priority purported to be given such Lien under such Financing Documents, or the Institution, the Trustee or any Governmental Authority shall assert any of the foregoing, unless such failure of validity, enforceability or perfection is caused by the negligence or intentional act of the Trustee or the Issuer.

Notwithstanding the foregoing, if by reason of force majeure (as hereinafter defined) either party to the Loan Agreement shall be unable, in whole or in part, to carry out its obligations under the Loan Agreement and if such party shall give notice and full particulars of such force majeure in writing to the other party and to the Trustee within a reasonable time after the occurrence of the event or cause relied upon, the obligations under the Loan Agreement of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this provision shall not be deemed an Event of Default under the Loan Agreement. Notwithstanding anything to the contrary in this provision, an event of force majeure shall not excuse, delay or in any way diminish certain obligations of the Institution to make certain payments, to obtain and continue in full force and effect certain insurance, to provide certain indemnity required by the Loan Agreement and to comply with certain other provisions of the Loan Agreement. The term "force majeure" as used herein shall include acts outside of the control of the Issuer and the Institution, including but not limited to acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of any Governmental Authority or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, and partial or entire failure of utilities, or any other cause or event not reasonably within the control of the party claiming such inability. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout or other industrial disturbances by acceding to the demands of the opposing party or parties.

#### Remedies on Default (Section 10.2)

Whenever any Event of Default shall have occurred and be continuing, the Issuer and/or the Trustee may, to the extent permitted by law, take any one or more of the following remedial steps:

- (1) declare, by written notice to the Institution, to be immediately due and payable, whereupon the same shall become immediately due and payable, (a) all unpaid Loan Payments payable pursuant to Section 5.1(A) of the Loan Agreement, and (b) all other payments due under the Loan Agreement or any of the other Financing Documents;
- (2) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due under the Loan Agreement and to enforce the obligations, agreements or covenants of the Institution under the Loan Agreement
- (3) terminate disbursement of the Bond Proceeds; or
- (4) exercise any remedies available pursuant to any of the other Financing Documents.

#### No Recourse under the Loan Agreement (Section 11.10)

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Loan Agreement, in the Series 2017 Bonds, in the other Financing Documents executed by the Issuer and in the other documents and instruments connected herewith or therewith, and in any documents supplemental thereto (collectively, the "Financing Documents") shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse under or upon any obligation, covenant or agreement in the Financing Documents contained or otherwise based upon or in respect of the Financing Documents, or for any claim based on the Indenture or the other Financing Documents or otherwise in respect of the Indenture of the other Financing Documents, shall be had against any past, present or future member, director, officer, agent, servant or employee, as such, of the Issuer or of any successor entity or political subdivision or any Person executing any of the Financing Documents on behalf of the Issuer, either directly or through the Issuer or any successor entity or political subdivision or any Person so executing any of the Financing Documents on behalf of the Issuer, it being expressly understood that the Financing Documents and the Series 2017 Bonds issued thereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, any such member, director, officer, agent, servant or employee of the Issuer or of any successor entity or political subdivision or any Person so executing any of the Financing Documents on behalf of the Issuer because of the creation of the indebtedness thereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Financing Documents or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such member, director, officer, agent, servant or employee because of the creation of the indebtedness authorized by the Financing Documents, or under or by reason of the obligations, covenants or agreements contained in the Financing Documents or implied therefrom, are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution by the Issuer of the Financing Documents and the issuance, sale and delivery of the Series 2017 Bonds.

The obligations and agreements of the Issuer contained herein and therein shall not constitute or give rise to an obligation of the State of New York or Schenectady County, New York, and neither the State of New York nor Schenectady County, New York shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute limited obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the Loan Agreement and the other Financing Documents (except for revenues derived by the Issuer with respect to the Unassigned Rights).



No order or decree of specific performance with respect to any of the obligations of the Issuer under the Loan Agreement shall be sought or enforced against the Issuer unless (1) the party seeking such order or decree shall first have requested the Issuer in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Issuer shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request within such ten (10) day period) or failed to respond within such notice period, (2) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Issuer an amount or undertaking sufficient to cover such reasonable fees and expenses, and (3) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it or any of its trustees, members, directors, officers, agents (other than the Institution), servants or employees shall be subject to potential liability, the party seeking such order or decree shall (a) agree to indemnify, defend and hold harmless the Issuer and its trustees, members, directors, officers, agents (other than the Institution), servants and employees against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Issuer, furnish to the Issuer satisfactory security to protect the Issuer and its trustees, members, directors, officers, agents (other than the Institution), servants and employees against all liability expected to be incurred as a result of compliance with such request. Any failure to provide the indemnity and/or security required in this paragraph shall not affect the full force and effect of an Event of Default under the Loan Agreement.

#### **SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND ASSIGNMENT**

The following is a brief summary of the Pledge and Assignment and should not be considered a complete statement thereof. Reference is made to the Pledge and Assignment for complete details of the terms thereof.

Pursuant to the Pledge and Assignment, to further secure the payment of the Series 2017 Bonds, the Issuer will pledge, assign, transfer and set over to the Trustee, and grant the Trustee a lien on and security interest in, all of the Issuer's right, title and interest in the Loan Agreement and any and all moneys due or to become due and any and all other rights and remedies of the Issuer under or arising out of the Loan Agreement, except for the Unassigned Rights.

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**APPENDIX D**

**FORM OF APPROVING OPINION OF BOND COUNSEL**

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## FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2017 Bonds in definitive form, Barclay Damon, LLP, Bond Counsel to the Issuer, proposes to render its approving opinion in substantially the following form:

April \_\_, 2017

Re:    \$[\_\_\_\_\_]  
      Schenectady County Capital Resource Corporation  
      Tax-Exempt Revenue Bonds (Union College Project), Series 2017

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof by the Schenectady County Capital Resource Corporation (the “*Issuer*”) of its Tax-Exempt Revenue Bonds (Union College Project), Series 2017 (the “*Series 2017 Bonds*”).

The Series 2017 Bonds are authorized to be issued pursuant to (i) Section 1411 of the Not-for-Profit Corporation Law of the State of New York (the “*State*”), as amended, (ii) a certain trust indenture dated as of April 1, 2017 (the “*Indenture*”) by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “*Trustee*”); (iii) a resolution adopted by the Issuer on April 12, 2017 (the “*Bond Resolution*”) and (iv) a certificate of determination dated the date hereof (the “*Certificate of Determination*”) executed by the Chairman of the Issuer. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Series 2017 Bonds are being issued in connection with a project (the “*Series 2017 Project*”) undertaken by the Issuer at the request of The Trustees of Union College in the Town of Schenectady in the State of New York (a/k/a Union College) (the “*Institution*”), a New York not-for-profit education corporation, consisting of the following: (A) (1) reconstruction and renovation of the Science and Engineering building (the “*S&E Building*”) and its associated courtyard located on the Institution’s campus at 807 Union Street in the City of Schenectady, Schenectady County, New York (the “*Campus*”), the demolition of two of the five existing towers consisting of approximately 56,500 square feet which currently are part of the S&E Building, replacement of a one story connector between Butterfield Hall and Steinmetz Hall located on the Campus with a new three story connector, and construction of two additions to the S&E Building which additions are expected to total approximately 78,900 square feet (collectively, the “*New Money Facility*”), all to modernize and upgrade the existing educational facility for use by the Institution; and (2) the acquisition and installation of various machinery and equipment, including, but not limited to, information technology network equipment (the “*New Money Equipment*” and, collectively with the New Money Facility, the “*New Money Project Facility*”); (B) the refunding of the Issuer’s Tax-Exempt Revenue Bond (Union College Project), Series 2010A (the “*Prior Bond*”) and the termination of the associated interest rate swap agreement; and (C) the issuance of the Series 2017 Bonds to finance the (1) costs of the construction, acquisition and installation of the New Money Project Facility, (2) refunding of the Prior Bond and the termination of the associated interest rate swap agreement, and (3) costs incidental to the issuance of the Series 2017 Bonds, including capitalized interest and costs of issuance.

The Series 2017 Bonds are dated the date hereof, are issued as fully registered bonds without coupons and mature and bear interest as set forth therein. The Series 2017 Bonds are subject to redemption and purchase in lieu of optional redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the Indenture.

Pursuant to the Loan Agreement dated as of April 1, 2017 (the “*Loan Agreement*”) by and between the Issuer and the Institution, the Issuer will make a loan of the proceeds of the Series 2017 Bonds to the Institution to be used to finance the Series 2017 Project. The principal of and interest on the Series 2017 Bonds are payable from payments to be made by the Institution under the Loan Agreement and from certain funds and accounts held by the Trustee under the Indenture. The Issuer has assigned its interest in the Loan Agreement (other than the Unassigned Rights) to the Trustee as provided in the Indenture and in a pledge and assignment dated as of April 1, 2017 (the “*Pledge and Assignment*”).

We have examined a specimen of the Series 2017 Bonds and executed counterparts of the Indenture, the Loan Agreement, the Pledge and Assignment and a certain tax compliance agreement dated the date hereof (the “*Tax Compliance Agreement*”) executed by the Institution and the Issuer relating to the Series 2017 Bonds.

With respect to the due authorization, execution and delivery by Manufacturers and Traders Trust Company (in its corporate capacity as signatory of the Indenture and in its capacity as Trustee) of the agreements to which it is a party, we are relying on the opinion of Harris Beach PLLC, counsel to the Trustee. No opinion as to such matters is expressed herein.

As Bond Counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including documents contained in the record of proceedings with respect to the issuance of the Series 2017 Bonds) as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, without having any independent investigation, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents.

We have not reviewed the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2017 Bonds and we express no opinion relating thereto.

The Internal Revenue Code of 1986, as amended (the “*Code*”) imposes various requirements which must be met upon and subsequent to the issuance and delivery of the Series 2017 Bonds in order that interest on the Series 2017 Bonds will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2017 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 2017 Bonds to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Series 2017 Bonds. The Issuer and the Institution have covenanted in the Tax Compliance Agreement to comply with certain procedures, and they have made certain representations and certifications designed to assure satisfaction of the requirements of the Code. Our opinion in paragraph (vii) hereinbelow assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certifications. We express no opinion with respect to the exclusion from gross income for federal income tax purposes of interest on the Series 2017 Bonds in the event that any such representations and certifications are materially inaccurate or that there occurs a failure to comply with such covenants.

Based upon the foregoing, it is our opinion that:

- (i) The Issuer is a duly created and validly existing not-for profit corporation organized and existing under the laws of the State.
- (ii) The Issuer has the right and power under the Act to (a) issue, execute, sell and deliver the Series 2017 Bonds in connection with the Series 2017 Project; (b) assign its interest in the Loan Agreement (other than the Unassigned Rights) to the Trustee as provided in the Indenture and the Pledge and Assignment; and (c) enter into and perform its obligations under the Indenture, the Loan Agreement, the Pledge and Assignment and the Tax Compliance Agreement.
- (iii) The Resolution has been duly and lawfully adopted by the Issuer and is in full force and effect.
- (iv) The Indenture, the Loan Agreement, the Pledge and Assignment and the Tax Compliance Agreement have been duly authorized and lawfully executed and delivered by the Issuer and (assuming the authorization, execution and delivery by the other respective parties thereto) are valid and legally binding obligations of the Issuer enforceable against it in accordance with their respective terms.
- (v) The Series 2017 Bonds have been duly authorized, executed, delivered and issued for value by the Issuer in conformity with all applicable laws and the provisions of the Indenture and the Resolution and constitute valid and legally binding special obligations of the Issuer enforceable against it in accordance with their terms. The Series 2017 Bonds are payable solely from payments to be made by the Institution pursuant to the Loan Agreement. The Indenture creates a valid pledge of and a valid Lien upon the Trust Revenues, except as set forth therein, and subject only to the provisions of the Indenture permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Indenture.
- (vi) The Series 2017 Bonds do not constitute a debt of the State or of any political subdivision thereof, including, without limitation, the County of Schenectady, and neither the State nor any political subdivision thereof, including, without limitation, the County of Schenectady, will be liable thereon.
- (vii) Under existing law, interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. 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.
- (viii) Under existing law, interest on the Series 2017 Bonds is exempt from personal income taxes of the State and its political subdivisions (including City of New York).

In rendering our opinion, we wish to advise you that:

- (a) The enforceability against the Issuer of the Series 2017 Bonds, the Indenture, the Loan Agreement, the Pledge and Assignment and the Tax Compliance Agreement may be limited by any applicable bankruptcy, insolvency or other similar law or enactment now existing or hereafter enacted by the State or the federal government affecting the enforcement of creditors' rights generally.

(b) Equitable remedies with respect to any of the documents described in paragraph (a) above (and with respect to any other documents) lie in the discretion of a court and may not be available.

(c) Certain requirements and procedures contained or referred to in the Indenture and certain other documents delivered in connection with the issuance of the Series 2017 Bonds 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. We render no opinion as to the effect on the exclusion from gross income of the interest on the Series 2017 Bonds for federal income tax purposes of any action taken or not taken upon the advice or approval of other counsel.

(d) We have not been requested to examine and have not examined any documents or information relating to the Issuer or the Institution other than the documents contained in the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial information, or the adequacy thereof, which has been or may be supplied to the Trustee, the initial purchaser of the Series 2017 Bonds or any other person.

(e) This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

(f) This opinion is rendered to the addressee named above, and may not be relied upon by any other person without our prior, express written consent.

We have examined an executed Series 2017 Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,



**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by The Trustees of Union College (the “Institution”) and Manufacturers and Traders Trust Company (the “Trustee”) in connection with the issuance of \$\_\_\_\_\_ Schenectady County Capital Resource Corporation Tax-Exempt Revenue Bonds (Union College Project), Series 2017 (the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2017 (the “Indenture”), between the Schenectady County Capital Resource Corporation (the “Issuer”) and the Trustee, and the proceeds of the Bonds are being loaned by the Issuer to the Institution pursuant to a Loan Agreement, dated as of April 1, 2017, between the Issuer and the Institution (the “Loan Agreement”). The Institution and the Trustee covenant and agree as follows.

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Institution and the Trustee for the benefit of the Bondowners and in order to assist the Underwriter (defined below) in complying with the Rule (defined below). The Institution and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bondowner, with respect to any such reports, notices or disclosures. The Trustee, except as provided in Section 3(c), has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bondowner, with respect to any such reports, notices or disclosures except for its negligent failure to comply with its obligations under Section 3(c).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Institution pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Bondowner” shall mean the registered owner of a Bond and any beneficial owner thereof, as established to the reasonable satisfaction of the Trustee or Institution.

“Dissemination Agent” shall mean any Dissemination Agent or successor Dissemination Agent designated in writing by the Institution and which has filed with the Institution, the Trustee and the Issuer a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C., pursuant to its contract with the Institution dated September 29, 2014, which shall be amended to include the Bonds. In the absence of a third-party Dissemination Agent, the Institution shall serve as the Dissemination Agent.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement. Filing information relating to the MSRB is set forth in Exhibit B hereto.

“Underwriter” shall mean Goldman, Sachs & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Dissemination Agent, not later than November 15 of each year commencing November 15, 2017 (the "Filing Deadline"), shall provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than five (5) Business Days prior to said date, the Institution (if it is not the Dissemination Agent) shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Institution may be submitted separately from, and at a later date than, the balance of the Annual Report if such audited financial statements are not available as of the date set forth above. If the Dissemination Agent submits the audited financial statements of the Institution at a later date, it shall provide unaudited financial statements by the above-specified deadline and shall provide the audited financial statements as soon as practicable after the audited financial statements become available. The Institution shall submit the audited financial statements to the Dissemination Agent and the Trustee as soon as practicable after they become available and the Dissemination Agent shall submit the audited financial statements to the MSRB as soon as practicable thereafter. The Institution shall provide a copy of the Annual Report to the Issuer and the Trustee.

(b) The Dissemination Agent shall file a report with the Institution, the Issuer and the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided (the "Compliance Certificate"); such report shall include a certification from the Institution that the Annual Report complies with the requirements of this Disclosure Agreement.

(c) If the Trustee has not received a Compliance Certificate by the Filing Deadline, the Trustee shall send, and the Institution hereby authorizes and directs the Trustee to submit on its behalf, a notice to the MSRB in substantially the form attached as Exhibit A.

(d) If the Dissemination Agent has not provided the Annual Report to the MSRB by the Filing Deadline, the Institution shall send, or cause the Dissemination Agent to send, a notice to the MSRB substantially in the form of Exhibit A irrespective of whether the Trustee submits such notice.

SECTION 4. Content of Annual Reports. The Institution's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements.

(b) Financial information and operating data consisting of quantitative information for the most recently completed fiscal year of the type presented in each of the tables found under the headings captioned "Admissions," "Enrollment," "Tuition and Other Student Charges," "Financial Aid," "Faculty and Staff," "Statement of Financial Position," "Statement of Activities – Unrestricted Activity Only," "Gifts and Endowments," "Investments," "Investment Liquidity," "Facilities" and "Outstanding Indebtedness" in Appendix A to the Issuer's Official Statement dated April \_\_, 2017, with comparative information for the preceding fiscal year.

In the event the Institution's audited financial statements provided pursuant to Sections 3 and 4 of this Disclosure Agreement contain any of the information described in clause (b) above, the requirement of this Section 4 shall be deemed to be satisfied with respect to including such information in the Institution's Annual Report.

The financial statements provided pursuant to Sections 3 and 4 of this Disclosure Agreement shall be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Institution is an "obligated person" (as defined by the Rule), which (i) are available to the public on the MSRB Internet Web site, or (ii) have been filed with the Securities and Exchange Commission. The Institution shall clearly identify each such other document so incorporated by reference.

The description contained in clause (b) above of financial information and operating data to be included in the Annual Report is of general categories of financial information and operating data. When such description includes

information that is no longer regularly maintained or available or that can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Report containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondowners, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Institution;<sup>1</sup>
13. The consummation of a merger, consolidation, or acquisition involving the Institution or the sale of all or substantially all of the assets of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of the Trustee, if material.

(b) Upon the occurrence of a Listed Event, the Institution shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file or cause to be filed a notice of such occurrence

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<sup>1</sup> For the purposes of this Listed Event, the Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Institution in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Institution, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Institution.

with the MSRB. The Institution shall provide a copy of each such notice to the Issuer and the Trustee. The Dissemination Agent, if other than the Institution, shall have no duty to file a notice of an event described hereunder unless it is directed in writing to do so by the Institution, and shall have no responsibility for verifying any of the information in any such notice or determining the materiality of the event described in such notice.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Institution's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the Institution to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. If the Institution's obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Institution and the original Institution shall have no further responsibility hereunder.

SECTION 8. Dissemination Agent. The Institution may, from time to time with written notice to the Trustee and the Issuer, appoint or engage a third-party Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may, with written notice to the Trustee and the Issuer, discharge any such third-party Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Institution) may resign upon 30 days' written notice to the Institution, the Trustee and the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Institution and the Trustee may amend this Disclosure Agreement (and, subject to the last sentence of this Section 9, the Trustee shall agree to any amendment so requested by the Institution) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Institution to the effect that such amendment or waiver would not, in and of itself, violate the Rule. Without limiting the foregoing, the Institution and the Trustee may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Institution or of the type of business conducted by the Institution, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (c) (i) the Trustee receives an opinion of counsel expert in federal securities laws to the effect that, the amendment does not materially impair the interests of the Bondowners or (ii) the amendment is consented to by the Bondowners as though it were an amendment to the Indenture pursuant to Section 802 of the Indenture. The annual financial information containing any amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. Neither the Trustee nor the Dissemination Agent shall be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its respective rights or immunities or increases its respective duties hereunder.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Institution from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Institution chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Institution shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Institution or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of Bondowners representing at least 25% in aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. Without regard to the

foregoing, any Bondowner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Institution or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. As to the Trustee, Article VII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. In the event that the Trustee serves as Dissemination Agent, the same privileges and protections afforded to the Trustee under Article VII of the Indenture shall be equally applicable to the Trustee in the performance of its duties as Dissemination Agent hereunder. The Dissemination Agent (if other than the Institution) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Institution agrees to indemnify and save the Dissemination Agent (if other than the Institution), its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Institution under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Institution covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent (if other than the Institution) shall have a duty to review the Annual Report, nor shall they be deemed to have notice of the contents of such Annual Report or a default based on such content, nor shall they have a duty to verify the accuracy of such Annual Report.

Except as set forth in Section 3(c), the Trustee shall have no obligation under this Disclosure Agreement to report any information to the MSRB or any Bondowner. If an officer of the Trustee obtains actual knowledge of the occurrence of an event described in Section 5 hereunder, whether or not such event is material, the Trustee shall timely notify the Institution of such occurrence, provided, however, that any failure by the Trustee to give such notice to the Institution shall not affect the Institution's obligations under this Disclosure Agreement or give rise to any liability by the Trustee for such failure.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Institution, the Trustee, the Dissemination Agent, the Underwriter and the Bondowners, and shall create no rights in any other person or entity.

SECTION 14. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Institution under this Disclosure Agreement shall obligate the Institution to file any information regarding matters other than those specifically described in Section 4 and Section 5 hereof, nor shall any such filing constitute a representation by the Institution or raise any inference that no other material events have occurred with respect to the Institution or the Bonds or that all material information regarding the Institution or the Bonds has been disclosed. The Institution shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

SECTION 15. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Institution, the Trustee and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered or sent by facsimile during business hours to such parties (a) with respect to the Issuer, the Institution and the Trustee, to the respective address specified in Section 1103 of the Indenture and (b) with respect to the Dissemination Agent, to 390 N. Orange Avenue, 17<sup>th</sup> Floor, Orlando, FL 32801, or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the party giving notice.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Governing Law. This instrument shall be governed by the laws of the State of New York.

Date: April \_\_, 2017

SCHENECTADY COUNTY CAPITAL RESOURCE  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

MANUFACTURERS AND TRADERS TRUST COMPANY,  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:



**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Schenectady County Capital Resource Corporation

Name of Bond Issue: Tax-Exempt Revenue Bonds (Union College Project), Series 2017

Name of Obligated Person: The Trustees of Union College

Date of Issuance: April \_\_, 2017

NOTICE IS HEREBY GIVEN that The Trustees of Union College (the "Institution") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated April \_\_, 2017 between the Institution and Manufacturers and Traders Trust Company.

Dated: \_\_\_\_\_

MANUFACTURERS AND TRADERS TRUST  
COMPANY on behalf of THE TRUSTEES OF  
UNION COLLEGE

cc: Institution

## **EXHIBIT B**

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board  
<http://emma.msrb.org>

# UNION

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# C O L L E G E

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