

In the opinion of Hodgson Russ LLP, Bond Counsel to the Issuer, under existing statutes, regulations, rulings and court decisions and assuming compliance with certain covenants and the accuracy of certain representations, 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 an item of tax preference for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (a) the Institution (as hereinafter defined) or another Person, by failing to comply with certain restrictions contained in the Code, may cause interest on the Series 2017 Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Series 2017 Bonds is subject to certain alternative minimum taxes imposed on corporations, and certain other taxes. Bond Counsel is further of the opinion that, so long as interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2017 Bonds is exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). For a more complete discussion, including certain other tax considerations, see “TAX MATTERS” herein.

CITY OF ALBANY CAPITAL RESOURCE CORPORATION
\$12,270,000
Tax-Exempt Revenue Bonds
(Albany Law School of Union University Refunding Project), Series 2017A



ALBANY LAW SCHOOL

Dated: Date of Delivery

Due: As shown on inside cover

The City of Albany Capital Resource Corporation Tax Exempt Revenue Bonds (Albany Law School of Union University Refunding Project), Series 2017A (the “Series 2017 Bonds”) will be issued pursuant to the terms of a Trust Indenture dated as of June 1, 2017 (the “Indenture”), by and between City of Albany Capital Resource Corporation (the “Issuer”) and The Bank of New York Mellon, as trustee for the Series 2017 Bonds (the “Trustee”). The Series 2017 Bonds are special obligations of the Issuer and will be payable from and secured by a pledge of the payments to be made by Albany Law School of Union University (the “Institution”) under a Loan Agreement dated as of June 1, 2017 (the “Loan Agreement”) by and between the Issuer and the Institution and the funds and accounts (except the Rebate Fund) held by the Trustee under the Indenture.

The Series 2017 Bonds are issuable only as fully registered bonds without coupons in minimum denominations of \$5,000 plus any integral multiple of \$5,000. When issued, the Series 2017 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2017 Bonds. Purchases of the Series 2017 Bonds will be made in book-entry form. Purchasers will not receive certificates representing their interest in Series 2017 Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid and shall not mean the beneficial owners of the Series 2017 Bonds.

Principal will be payable on July 1st of each year as set forth on the inside cover page. Interest will be payable January 1st and July 1st of each year, commencing on July 1, 2017. Principal and semiannual interest on the Series 2017 Bonds will be paid by the Trustee. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made to Cede & Co., which in turn will remit such payments to the DTC Participants (as defined herein) and DTC Indirect Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Series 2017 Bonds. The Series 2017 Bonds will be subject to redemption prior to maturity, as more fully described herein. See “THE SERIES 2017 BONDS - Redemption Provisions” herein.

The Institution will execute and deliver a pledge and security agreement dated as of June 1, 2017 (the “Pledge and Security Agreement”) from the Institution to the Trustee, pursuant to which, among other things, the Institution grants to the Trustee a security interest in the Institution’s Gross Revenues (as defined in the Pledge and Security Agreement). The Institution’s obligation to make all Loan Payments under the Loan Agreement and to perform all obligations related thereto and the Issuer’s obligation to repay the Series 2017 Bonds will be further secured by a guaranty dated as of June 1, 2017 (the “Guaranty”) from the Institution to the Trustee. As additional security for the Series 2017 Bonds, the Institution will also execute and deliver to the Issuer a negative pledge agreement dated as of June 1, 2017 (the “Negative Pledge Agreement”) from the Institution to the Issuer, pursuant to which the Institution agrees to create no liens on the real property of the Institution other than permitted thereby. The Issuer will execute and deliver to the Trustee an assignment of negative pledge dated as of June 1, 2017 (the “Negative Pledge Assignment”) from the Issuer to the Trustee, pursuant to which the Issuer will assign the Negative Pledge Agreement to the Trustee.

THE SERIES 2017 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER. THE SERIES 2017 BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY OUT OF THE REVENUES AND FUNDS PLEDGED THEREFOR OR OTHERWISE AVAILABLE TO THE TRUSTEE FOR THE PAYMENT THEREOF INCLUDING REVENUES DERIVED UNDER THE LOAN AGREEMENT. THE SERIES 2017 BONDS DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK, THE CITY OF ALBANY, NEW YORK OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, THE CITY OF ALBANY, NEW YORK NOR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK IS PLEDGED TO THE PAYMENT OF THE SERIES 2017 BONDS. THE ISSUER HAS NO TAXING POWER.

The Series 2017 Bonds are offered when, as and if issued by the Issuer and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of certain legal matters relating to the issuance of the Series 2017 Bonds by Hodgson Russ LLP, Albany, New York, Bond Counsel. Certain legal matters will be passed upon for the Issuer by William G. Kelly, Jr., Esq., Corporation counsel, and certain legal matters will be passed upon for the Institution by Bond, Schoeneck & King, PLLC, Syracuse, New York, counsel to the Institution. Certain legal matters will be passed upon for the Underwriter by Trespasz & Marquardt, LLP, counsel to the Underwriter. The Series 2017 Bonds are expected to be available for delivery in definitive form through DTC in Jersey City, New Jersey on or about June 22, 2017.

PiperJaffray®

AMOUNTS, MATURITIES, INTEREST RATES, AND PRICES OR YIELDS

\$12,270,000

Tax-Exempt Revenue Bonds

(Albany Law School of Union University Refunding Project), Series 2017A ⁽¹⁾

<u>Maturity (July 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2017	\$805,000	3.000%	1.000%	012432CQ1
2018	680,000	3.000%	1.210%	012432CR9
2019	700,000	3.000%	1.540%	012432CS7
2020	720,000	4.000%	1.680%	012432CT5
2021	745,000	4.000%	1.840%	012432CU2
2022	750,000	4.000%	2.020%	012432CV0
2023	800,000	4.000%	2.180%	012432CW8
2024	835,000	4.000%	2.350%	012432CX6
2025	865,000	4.000%	2.550%	012432CY4
2026	905,000	4.000%	2.770%	012432CZ1

\$2,945,000 5.00% Term Bonds due July 1, 2029, Yield 3.070% ⁽²⁾ CUSIP† 012432DC1

\$1,520,000 5.00% Term Bonds due July 1, 2031, Yield 3.220% ⁽²⁾ CUSIP† 012432DE7

- (1) The Series 2017 Bonds maturing in the years 2017 through 2026, inclusive, are not subject to prior optional redemption. The Series 2017 Bonds maturing in the years 2029 and 2031 are subject to redemption prior to maturity beginning on July 1, 2027 at par (100.0%), plus accrued interest, if any, to the date of redemption.
- (2) Priced at the stated yield to the July 1, 2027 optional redemption date at a redemption price of 100%.

† The CUSIP (Committee on Uniform Securities Identification Procedures) numbers on the inside cover page of this Official Statement have been assigned by an organization not affiliated with the Issuer, the Institution, the Underwriter or the Trustee, and such parties are not responsible for the selection or use of the CUSIP 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 Institution, 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.

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Institution or the Underwriter to give any information or to make any representations with respect to the Series 2017 Bonds, other than the information and representations contained in this Official Statement. If given or made, such information or representations must not be relied upon as having been authorized by either of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The Series 2017 Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2017 Bonds in accordance with applicable provisions of securities laws of the states in which the Series 2017 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2017 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

All information contained herein has been obtained from the Issuer, the Institution and other sources which are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by the Institution or the Issuer.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

References in this Official Statement to the Indenture, the Loan Agreement, the Negative Pledge Agreement, the Negative Pledge Assignment, the Pledge and Security Agreement and the Guaranty, do not purport to be complete. Refer to the Indenture, the Loan Agreement, the Negative Pledge Agreement, the Negative Pledge Assignment, the Pledge and Security Agreement and the Guaranty for full and complete details of their provisions. Copies of the Indenture, the Loan Agreement, the Negative Pledge Agreement, the Negative Pledge Assignment, the Pledge and Security Agreement and the Guaranty are on file with the Trustee.

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 BONDS AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. CAUTIONARY STATEMENTS REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Institution 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.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE ISSUER	3
THE SERIES 2017 BONDS	4
SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS	10
PLAN OF FINANCE	13
VERIFICATION OF MATHEMATICAL COMPUTATIONS	13
ESTIMATED SOURCES AND USES OF FUNDS	14
ANNUAL DEBT SERVICE REQUIREMENTS	15
THE INSTITUTION	15
RISK FACTORS	16
TAX MATTERS	20
CONTINUING DISCLOSURE	25
RATING	25
FINANCIAL ADVISORS	26
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	26
UNDERWRITING	26
APPROVAL OF LEGAL PROCEEDINGS	26
NO LITIGATION	26
MISCELLANEOUS	27
APPENDIX A – CERTAIN INFORMATION REGARDING THE INSTITUTION	A-1
APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015	B-1
APPENDIX C – DEFINITIONS AND SUMMARIES OF CERTAIN FINANCING DOCUMENTS ..	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT	D-1
APPENDIX E – FORM OF OPINION OF BOND COUNSEL	E-1

OFFICIAL STATEMENT

relating to

CITY OF ALBANY CAPITAL RESOURCE CORPORATION
\$12,270,000
Tax-Exempt Revenue Bonds
(Albany Law School of Union University Refunding Project), Series 2017A

INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, which includes the cover page and the inside cover page hereof and the Appendices hereto, is to provide information about the City of Albany Capital Resource Corporation (the “Issuer”) and Albany Law School of Union University (the “Institution”) in connection with the issuance and sale by the Issuer of its \$12,270,000 Tax-Exempt Revenue Bonds (Albany Law School of Union University Refunding Project), Series 2017A (the “Series 2017 Bonds”). The following is a brief description of certain information concerning the Series 2017 Bonds, the Issuer and the Institution. 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 hereto. Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

Authorization of the Issuance

The Series 2017 Bonds are authorized to be issued pursuant to the purposes and powers contained within Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Act”), the certificate of incorporation of the Issuer (the “Certificate”), and a resolution of the Issuer adopted on April 20, 2017 (the “Bond Resolution”). The Series 2017 Bonds will be issued by the Issuer pursuant to a Trust Indenture dated as of June 1, 2017 (the “Indenture”), by and between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The Trustee is also acting as Bond Registrar and Paying Agent for the Series 2017 Bonds.

Purpose of the Issue

The proceeds of the Series 2017 Bonds will be made available to the Institution and, together with other available funds, will be used to undertake a project (the “Series 2017 Project”) consisting of the refunding of all of the following bonds previously issued by the City of Albany Industrial Development Agency (the “Prior Issuer”) on June 25, 2007: Tax-Exempt Civic Facility Revenue Bonds (Albany Law School of Union University), Series 2007A in the original aggregate principal amount of \$19,065,000 (the “Prior Bonds”).

The Prior Bonds were issued for the purpose of financing a portion of the costs of a project (the “Prior Project”) consisting of the following: (1) the acquisition of an interest or interests in an approximately 8.76 acre parcel of land located at 80 New Scotland Avenue, and a portion of 1 De LaSalle Road in the City of Albany, Albany County, New York (collectively, the “Land”), together with two buildings located thereon containing approximately 198,000 square feet of space (collectively, the “Facility”), (2) the renovation and the making of upgrades to the Facility, (3) the acquisition and installation thereon and therein of various machinery and equipment (the “Equipment”) (the Land, the

Facility, and the Equipment hereinafter collectively referred to as the “Project Facility”) and (4) the refunding of all or a portion of the Prior Issuer’s (a) Civic Facility Revenue Bonds (The University Heights Association, Inc. – Albany Law School Project), Series 1999A in the original aggregate principal amount of \$8,745,000 (the “1999 Bonds”) and (b) Civic Facility Revenue Bonds (Albany Law School Project), Series 2000A in the original aggregate principal amount of \$9,520,000 (the “2000 Bonds”), which 1999 Bonds and 2000 Bonds provided financing for previously completed projects, including but not limited to, new academic buildings, surface parking and office renovation/expansion; all of the foregoing to constitute an educational facility and other directly and indirectly related activities for use by the Institution.

The Issuer

The Issuer was established by the City of Albany, New York in accordance with the provisions of Section 1411 of the Act as a local development corporation pursuant to the Act and the Certificate as a public instrumentality of the City of Albany, New York to carry out essential governmental functions for the public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, and lessening the burdens of government and acting in the public interest. See “THE ISSUER” herein.

The Institution

The Institution is a not-for-profit corporation organized and existing under the laws of the State of New York that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as an organization described in Section 501(c)(3) of the Code. See “APPENDIX A - CERTAIN INFORMATION REGARDING THE INSTITUTION” herein.

The Series 2017 Bonds

The Series 2017 Bonds will be issued in book-entry form as fully registered bonds without coupons and when issued will be registered to Cede & Co., as nominee of the Depository Trust Company (the “DTC”), New York, New York, which will act as the securities depository. Purchases will be made in denominations of \$5,000 or any integral multiple thereof.

The Series 2017 Bonds will be dated the date of delivery, and interest thereon will be payable January 1 and July 1 of each year, commencing on July 1, 2017. So long as Cede & Co. is the registered owner of the Series 2017 Bonds, principal and premium, if any, will be payable by the Trustee to Cede & Co., as nominee for DTC. The Series 2017 Bonds are subject to extraordinary, optional and mandatory redemption and to acceleration prior to maturity, all as described herein. See “THE SERIES 2017 BONDS” herein.

Sources of Payment and Security for the Series 2017 Bonds

Payment of the Series 2017 Bonds

The Series 2017 Bonds will be special obligations of the Issuer payable solely from: (A) all payments of loan payments made or to be made by or on behalf of the Institution under a Loan Agreement dated as of June 1, 2017 (the “Loan Agreement”) by and between the Issuer and the Institution (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 Series 2017 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 (collectively, the “Trust Revenues”). See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS – Payment of the Series 2017 Bonds” herein.

Security for the Series 2017 Bonds

The Series 2017 Bonds are special obligations of the Issuer and will be payable from and secured by the Loan Agreement and the funds and accounts (except the Rebate Fund) held by the Trustee under the Indenture.

The Institution will execute and deliver a pledge and security agreement dated as of June 1, 2017 (the “Pledge and Security Agreement”) pursuant to which, among other things, the Institution grants to the Trustee a security interest in the Institution’s Gross Revenues (as defined in the Pledge and Security Agreement). As additional security for the Series 2017 Bonds, the Institution will execute and deliver to the Issuer a negative pledge agreement dated as of June 1, 2017 (the “Negative Pledge Agreement”) from the Institution to the Issuer, pursuant to which the Institution agrees to create no liens on the real property of the Institution other than permitted thereby. The Issuer will execute and deliver to the Trustee an assignment of negative pledge dated as of June 1, 2017 (the “Negative Pledge Assignment”) pursuant to which the Issuer will assign the Negative Pledge Agreement to the Trustee.

The Institution’s obligation to make all Loan Payments under the Loan Agreement and to perform all obligations related thereto and the Issuer’s obligation to repay the Series 2017 Bonds will be further secured by a guaranty dated as of June 1, 2017 (the “Guaranty”) from the Institution to the Trustee. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS – Security for the Series 2017 Bonds” herein.

Limited Obligations of the Issuer

THE SERIES 2017 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER. THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE SERIES 2017 BONDS SOLELY FROM THE TRUST 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 AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR THE CITY OF ALBANY, NEW YORK AND NEITHER THE STATE, NOR THE CITY OF ALBANY, 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 THE CITY OF ALBANY, NEW YORK. THE ISSUER HAS NO TAXING POWERS.

THE ISSUER

City of Albany Capital Resource Corporation (the “Issuer”) was created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Enabling Act”), and pursuant to the provisions of the Enabling Act, Revenue Ruling 57-187, and Private Letter Ruling 200936012, the Common Council of the City adopted a resolution (A) authorizing the incorporation of

the Issuer under the Enabling Act and (B) appointing the initial members of the board of directors of the Issuer. Subsequently, a certificate of incorporation was filed with the New York Secretary of State's Office (the "Certificate") creating the Issuer as a public instrumentality of the City.

The Issuer is authorized and empowered by the provisions of the Enabling Act to relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities, and lessen the burdens of government and act in the public interest, and in carrying out the aforesaid purposes and in exercising the powers conferred in the Enabling Act, the Enabling Act declares that the Issuer will be performing essential governmental functions.

To accomplish its stated purposes, the Issuer is authorized and empowered under the Enabling Act to acquire real and personal property; to borrow money and issue negotiable bonds, notes and other obligations therefor; to lease, sell, mortgage or otherwise dispose of or encumber any of its real or personal property upon such terms as it may determine; and otherwise to carry out its corporate purposes in the territory in which the operations of the Issuer are principally to be conducted.

The City is the sole member of the Issuer. Pursuant to the certificate of incorporation of the Issuer, the members of the board of directors of the Issuer are appointed by resolution of the City's Common Council.

THE SERIES 2017 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE THEREBY SOLELY OUT OF CERTAIN FUNDS PLEDGED THEREFOR. NOTHING IN THE SERIES 2017 BONDS, THE INDENTURE OR THE LOAN AGREEMENT SHALL BE CONSIDERED AS PLEDGING OR COMMITTING ANY OTHER FUNDS OR ASSETS OF THE ISSUER TO THE PAYMENT OF THE SERIES 2017 BONDS OR THE SATISFACTION OF ANY OTHER OBLIGATION OF THE ISSUER UNDER THE SERIES 2017 BONDS, THE INDENTURE OR THE LOAN AGREEMENT. NEITHER THE ISSUER NOR ITS MEMBERS, DIRECTORS, OFFICERS, AGENTS (OTHER THAN THE INSTITUTION), SERVANTS OR EMPLOYEES, NOR ANY PERSON EXECUTING THE SERIES 2017 BONDS SHALL BE LIABLE PERSONALLY WITH RESPECT TO THE SERIES 2017 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. ACCORDINGLY, NO FINANCIAL INFORMATION REGARDING THE ISSUER OR ITS MEMBERS, DIRECTORS OR OFFICERS HAS BEEN INCLUDED HEREIN.

NEITHER THE STATE OF NEW YORK NOR ANY POLITICAL SUBDIVISION OF THE STATE (INCLUDING, WITHOUT LIMITATION, THE CITY OF ALBANY, NEW YORK) IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE, IF APPLICABLE, OF OR INTEREST ON THE SERIES 2017 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR THE CITY OF ALBANY, NEW YORK IS PLEDGED TO SUCH PAYMENT. THE ISSUER HAS NO TAXING POWER.

THE SERIES 2017 BONDS

Description of the Series 2017 Bonds

The Series 2017 Bonds will be issued pursuant to the Indenture. The Series 2017 Bonds will be dated the date of delivery, and will bear interest from such date (payable on January 1 and July 1 of each year, commencing on July 1, 2017) at the rates, and mature on the dates and in the amounts, set forth on the inside cover page of this Official Statement.

The Series 2017 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2017 Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2017 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2017 Bonds, the Series 2017 Bonds will be exchangeable for other fully registered certificated Series 2017 Bonds in any authorized denominations, maturity and interest rate. See "Book-Entry Only System" herein. The Trustee may impose a charge sufficient to reimburse the Issuer or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2017 Bond. The cost, if any, of preparing each new Series 2017 Bond issued upon such exchange or transfer, and any other expenses of the Issuer or the Trustee incurred in connection therewith, will be paid by the person requesting such exchange or transfer.

Payment of the principal of, premium, if any, on and interest on the Series 2017 Bonds shall be made in lawful money of the United States of America. As long as the Series 2017 Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "Book-Entry Only System" herein.

Any interest and any Sinking Fund Payment or principal payment due prior to maturity on any Series 2017 Bond which is payable, but is not punctually paid or duly provided for, on any Bond Payment Date (herein called "Defaulted Payments") shall forthwith cease to be payable to the Person appearing on the bond register as the registered Owner of such Bond on the relevant Regular Record Date solely by virtue of such Person having been such registered Owner; and the Trustee shall make payment of any Defaulted Payments on the Series 2017 Bonds to the Persons in whose names such Series 2017 Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Payments, which shall be fixed in the following manner. The Trustee shall determine the amount of Defaulted Payments to be paid on each Series 2017 Bond and establish the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and money in the aggregate amount of the proposed Defaulted Payments shall be segregated by the Trustee to be held in trust for the benefit of the Persons entitled to such Defaulted Payments as in this subsection provided and not to be deemed part of the Trust Revenues. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Payments, which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment. The Trustee shall promptly notify the Issuer and the Institution of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Payments and the Special Record Date therefor to be mailed one time, first-class postage prepaid, to each registered Owner of a Series 2017 Bond at his address as it appears in the bond register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Payments and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Payments shall be paid to the Persons in whose names the Series 2017 Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date. As long as the Series 2017 Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "– Book-Entry Only System" herein.

Redemption Provisions

Extraordinary Redemption Without Premium

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 Institution 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 Institution to redeem the Bonds in accordance with the Loan Agreement, or (c) a taking in Condemnation

of part of the Project Facility and election by the Institution 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 Institution certifies that unreasonable burdens or excessive liabilities have been imposed on the Institution 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 Institution, and (ii) such excess moneys are not paid to the Institution as provided in the Indenture, in the event that excess moneys remain in the related account in the Project Fund after the Completion Date, (c) in the event that excess proceeds of recoveries from contractors are applied to redeem Series 2017 Bonds pursuant to the Loan Agreement, or (d) in the event that amounts are transferred to the Trustee for deposit in the Bond Fund pursuant to the Loan Agreement, in each case to the extent of such excess or such payment. In any such event, the Series 2017 Bonds shall be redeemed, as a whole or in part, as the case may be, in the manner provided in Article III of the Indenture, on the earliest practicable date for which the Trustee can give notice of redemption pursuant to the Indenture, at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Optional Redemption

The Series 2017 Bonds maturing on or after July 1, 2029 are also subject to redemption prior to maturity on or after July 1, 2027 at the option of the Institution by exercise of its right to prepay the Loan Payments payable under the Loan Agreement, 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, on any particular date, to the percentage of the principal amount to be redeemed applicable to such date, as set forth in the table below, plus accrued interest to the Redemption Date:

<u>REDEMPTION DATES</u>	<u>REDEMPTION PRICE</u>
July 1, 2027 and thereafter	100%

Notice of the intended redemption of each Series 2017 Bond subject to redemption shall be given by the Trustee one time by first class mail postage prepaid to the registered Owner of such Bond at the address of such Owner shown on the bond register maintained by the Trustee as Bond Registrar. All such redemption notices shall be given not less than thirty (30) days prior nor more than sixty (60) days prior to the date fixed for redemption.

Mandatory Sinking Fund Redemption Without Premium

The Series 2017 Bonds issued as Term Bonds maturing on July 1, 2029 and July 1, 2031 are subject to scheduled mandatory sinking fund redemption, by lot in such manner as the Trustee shall deem fair and appropriate for random selection, prior to maturity, on July 1 of each year as set forth below by the application of Sinking Fund Payments at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof to be redeemed, plus accrued interest to the Redemption Date, without premium, in the principal amounts set forth opposite the respective dates set forth below:

Series 2017 Bonds Maturing July 1, 2029

<u>Sinking Fund Payment Date (July 1)</u>	<u>Sinking Fund Payment</u>
2027	\$940,000
2028	975,000
2029	1,030,000

Series 2017 Bonds Maturing July 1, 2031

<u>Sinking Fund Payment Date (July 1)</u>	<u>Sinking Fund Payment</u>
2030	\$985,000
2031	535,000

Notice of Redemption

Notice of the intended redemption of each Bond subject to redemption shall be given not less than thirty (30) days nor more than sixty (60) days prior to the Redemption Date by the Trustee one time by first class mail postage prepaid to the registered owner at the address of such owner shown on the bond register maintained by the Trustee. The failure to give any such notice, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure to give notice, or defect therein, has occurred.

Notice of any redemption hereunder with respect to Bonds held under a Book Entry System shall be given by the Bond Registrar or the Trustee only to the Depository, or its nominee, as the holder of such Bonds. Selection of book entry interests in the Bonds called for redemption is the responsibility of the Depository and any failure of any Direct Participant, Indirect Participant or Beneficial Owner to receive such notice and its contents or effect will not affect the validity of such notice or any proceedings for the redemption of such Bonds.

Any notice of optional redemption may provide (and shall provide if the Trustee shall be directed to do so by the Institution) that if, on the redemption date set forth in any 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. In the event of any partial redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee not more than sixty (60) days prior to the redemption date from maturities designated in writing by the Institution, and within each maturity by lot or by such other such method as the Trustee shall deem fair and appropriate. If any maturity of the Bonds which is subject to sinking fund redemption is to be redeemed in part, the Trustee shall apply any partial redemption payments (other than a scheduled mandatory redemption) to the schedule of mandatory Sinking Fund Payments thereon as designated by the Institution. Further, the Trustee may provide for the redemption of portions (equal to \$5,000 or any integral multiple of \$5,000 in excess thereof) of Outstanding Bonds. In no event shall the principal amount of Bonds subject to any partial redemption be other than \$5,000 or any integral multiple of \$5,000 in excess thereof.

Notice of any redemption hereunder with respect to Bonds held under a Book Entry System shall be given by the Bond Registrar or the Trustee only to the Depository, or its nominee, as the holder of such Bonds. Selection of book entry interests in the Bonds called for redemption is the responsibility of the Depository and any failure of any Direct Participant, Indirect Participant or Beneficial Owner to receive

such notice and its contents or effect will not affect the validity of such notice or any proceedings for the redemption of such Bonds.

Payment of Redeemed Series 2017 Bonds

After notice shall have been given in the manner provided in the Indenture, the Series 2017 Bonds or portions thereof called for redemption shall become due and payable on the Redemption Date so designated. Upon presentation and surrender of such Series 2017 Bonds at the Office of the Trustee, such Series 2017 Bonds shall be paid at the Redemption Price for such Series 2017 Bonds, plus accrued interest (if any) to the Redemption Date. If there shall be selected for redemption less than all of a Series 2017 Bond, the Issuer shall, upon the surrender of such Series 2017 Bond and with no charge to the Owner thereof, (1) pay the Redemption Price of the principal amount thereof called for redemption, and (2) cause the Trustee to authenticate and deliver for the unredeemed balance of the principal amount of such Series 2017 Bond so surrendered a fully registered Series 2017 Bond of like maturity in any of the Authorized Denominations.

If, on the Redemption Date, moneys for the redemption of all Series 2017 Bonds or portions thereof to be redeemed, in an amount equal to the principal of such Series 2017 Bonds or portions thereof to be redeemed, together with any premium due thereon and interest thereon to the Redemption Date, shall be held by the Trustee so as to be available therefor on such date, the Series 2017 Bonds or portions thereof so called for redemption shall cease to bear interest, and such Series 2017 Bonds or portions thereof shall no longer be Outstanding under the Indenture or be secured by or be entitled to the benefits of the Indenture. If such moneys shall not be so available on the Redemption Date, such Series 2017 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall remain Outstanding under this Indenture and shall continue to be secured by and be entitled to the benefits of the Indenture until paid.

Book-Entry Only System

The information under this heading has been furnished by The Depository Trust Company (“DTC”), New York, New York. Neither the Issuer nor the Institution makes any representations as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as the 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 in the aggregate the principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of

securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by 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,” and together with Direct Participants, “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 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 the 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 the 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 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 of a particular Series are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 the 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2017 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 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 neither the Issuer nor the Institution takes any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Series 2017 Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2017 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2017 Bonds.

THE ISSUER, THE INSTITUTION AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2017 BONDS UNDER THE INDENTURE; (iii) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2017 BONDS; (iv) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE SERIES 2017 BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2017 BONDS; OR (vi) ANY OTHER MATTER RELATING TO DTC OR THE OPERATION OF THE BOOK-ENTRY SYSTEM.

SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS

Payment of the Series 2017 Bonds

The Series 2017 Bonds will be special obligations of the Issuer payable solely from: (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 Series 2017 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 (collectively, the “Trust Revenues”).

Security for the Series 2017 Bonds

The Series 2017 Bonds are special obligations of the Issuer and will be payable from and secured by the Loan Agreement and the funds and accounts (except the Rebate Fund) held by the Trustee under the Indenture.

Guaranty

The Institution’s obligation to make all Loan Payments under the Loan Agreement and to perform all obligations related thereto and the Issuer’s obligation to repay the Series 2017 Bonds will be further secured by the Guaranty from the Institution to the Trustee.

Gross Revenues

The Institution will also execute and deliver a pledge and security agreement dated as of June 1, 2017 (the “Pledge and Security Agreement”) pursuant to which, among other things, the Institution grants to the Trustee a security interest in all interest of the Institution in the Gross Revenues consisting of: to the maximum extent permitted by law, all receipts, revenues, income and other money received by or on behalf of the Institution derived from its operations, including all rights to receive the same, whether in the form of accounts receivable, contracts rights or other rights (including rights under policies of business interruption insurance but not under policies of casualty insurance), and proceeds of such rights, now owned or held or hereafter coming into existence, provided, however, that there shall be excluded from Gross Revenues gifts, grants, bequests, donations and contributions restricted at the time of making thereof by the donor or maker thereof as being for certain specific purposes inconsistent with the payments required by the Loan Agreement and the income derived therefrom to the extent required by such restriction. In addition, the Pledge and Security Agreement allows the Institution, in accordance therewith, to incur Parity Obligations in the future that may be secured by a lien on the Gross Revenues on a parity basis with the pledge and security interest granted pursuant to the Pledge and Security Agreement.

Financial Covenants in Guaranty

Expendable Net Assets to Debt Ratio. Pursuant to the terms of the Guaranty, the Institution has covenanted to maintain Expendable Net Assets, defined as Unrestricted Net Assets and Temporarily Restricted Net Assets less plant equity (Net Property Plant and Equipment less long-term debt), in an amount equal to or greater than the principal balance of all long-term indebtedness outstanding commencing on the Institution’s Fiscal Year ending June 30, 2017 and as of the last day of each Fiscal Year thereafter (the “Testing Date”). The Institution is required to annually file a certificate with the Trustee demonstrating compliance with the Expendable Net Assets to Long-Term Debt covenant.

Notwithstanding the foregoing, the Institution shall not be considered to have failed to satisfy the Expendable Net Assets covenant, if such failure is due solely to a decline in the market value of Expendable Net Assets as a consequence of general market conditions occurring since the end of the prior fiscal year and compliance can be demonstrated by restoring to the Institution’s Expendable Net Assets

any cumulative net decreases reported in Expendable Net Assets that resulted from non-operating investment activities since the end of the prior fiscal year that the Expendable Net assets requirement was satisfied.

The Institution's historical Expendable Net Assets to Debt Ratio for the past five fiscal years is presented in the table below.

	Actual FY '12	Actual FY '13	Actual FY '14	Actual FY '15	Actual FY '16	Pro-Forma FY '16†
Unrestricted Net Assets	\$43,073,839	\$47,963,612	\$54,545,093	\$50,180,088	\$46,555,800	\$46,555,800
Temporarily Restricted Net Assets	4,137,779	6,086,612	6,680,738	10,056,891	10,758,433	10,758,433
Sub-Total	47,211,618	54,050,224	61,225,831	60,236,979	57,314,233	57,314,233
Net Property, Plant and Equipment	23,359,290	23,091,683	22,113,861	21,192,357	20,191,485	20,191,485
Minus Long-Term Debt	17,160,000	16,620,000	16,060,000	15,480,000	14,875,000	12,270,000
Net Investment in Plant	6,199,290	6,471,683	6,053,861	5,712,357	5,316,485	7,921,485
Expendable Net Assets	41,012,328	47,578,541	55,171,970	54,524,622	51,997,748	49,392,748
Long-term Debt	17,160,000	16,620,000	16,060,000	15,480,000	14,875,000	12,270,000
Expendable Net Assets to Debt	2.39	2.86	3.44	3.52	3.50	4.03

† Pro-Forma FY '16 reflects Series 2017 Refunding Bonds to be issued.

Source: The Institution

Additional Indebtedness

The Institution may incur additional indebtedness secured equally and ratably with the Gross Revenues as provided in the Indenture and the Guaranty. Pursuant to the terms of the Guaranty, the Institution may not incur any long-term debt (greater than one year) unless Expendable Net Assets, as reflected in the Institution's most recent financial statements, were at least equal to its outstanding long-term indebtedness and any proposed long-term indebtedness.

Negative Pledge Agreement

As additional security for the Series 2017 Bonds, the Institution will execute and deliver to the Issuer the Negative Pledge Agreement pursuant to which the Institution agrees to create no liens on the real property of the Institution other than permitted thereby. The Issuer will execute and deliver to the Trustee the Negative Pledge Assignment pursuant to which the Issuer will assign the Negative Pledge Agreement to the Trustee.

See "APPENDIX C - DEFINITIONS AND SUMMARIES OF CERTAIN FINANCING DOCUMENTS."

Educational Deed Restriction

The approximately nine acres of real estate on which the Institution is located are owned by the Institution and are not encumbered by any liens in favor of any third party. The Institution's property is subject to a deed restriction that requires the land to be used solely for school, academic and educational purposes and provides that if it ceases to be used in this manner, title reverts to the County of Albany. This deed restriction has not impeded the operation of the Institution in any way during its entire history at the site and does not prohibit the Institution from entering into a Negative Pledge on the Institution's real estate. See "***Negative Pledge Agreement***" above.

PLAN OF FINANCE

Simultaneously with the issuance and delivery of the Series 2017 Bonds, a portion of the proceeds of the Series 2017 Bonds will be deposited in an escrow with The Bank of New York Mellon as trustee and escrow agent for the Prior Bonds (the "Prior Bond Trustee"), and, together with other available funds, will be held as un-invested cash in an amount sufficient to pay the redemption price of and interest due on the Prior Bonds to their redemption date as well as the costs of issuance relating to the Series 2017 Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS." At or prior to the making of such deposit, the Prior Issuer, the Prior Bond Trustee and the Institution will enter into a Defeasance Escrow Agreement dated as of June 1, 2017 pursuant to which the Prior Issuer and the Institution will give the Prior Bond Trustee irrevocable instructions to give notice of the redemption of the Prior Bonds, and to apply the un-invested cash held in escrow to the payment of the redemption price of and interest coming due on the Prior Bonds to their redemption date.

In the opinion of defeasance counsel to the Prior Issuer upon (a) the deposit with the Prior Bond Trustee of a portion of the proceeds of the Series 2017 Bonds and other available funds, and (b) the giving of the irrevocable instructions described above, the Prior Bonds will be deemed to have been paid under the terms of the indenture under which such Prior Bonds were issued.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations was independently verified by BondResource Partners, LP (the "Verification Agent"). These computations, which were provided by Piper Jaffray & Co. (the "Underwriter"), indicate (A) (i) the sufficiency of the initial cash deposit to pay to the redemption price of and interest on the Prior Bonds to their redemption date, and (ii) the yields to be considered in determining that the Series 2017 Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code; and (B) the sufficiency of initial cash deposit to pay to the redemption price of and interest on the Prior Bonds to their redemption date. The Verification Agent relied upon assumptions and information supplied by the Underwriter on behalf of the Prior Issuer and the Verification Agent has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Prior Bonds will be paid as described in its report. BondResource Partners, LP is wholly owned by PFM Asset Management LLC, an affiliate of PFM Financial Advisors LLC who is serving as co-financial advisor to the Institution in connection with the issuance of the Series 2017 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds (exclusive of accrued interest) related to the Series 2017 Bonds:

<u>Sources of Funds</u>	<u>Series 2017 Bonds</u>
Principal Amount of the Series 2017 Bonds	\$12,270,000
Original Issue Premium	1,281,687
Prior Trustee Held Funds ⁽¹⁾	1,387,354
Equity Contribution	<u>7,984</u>
Total Sources of Funds	\$14,947,025
<u>Uses of Funds</u>	
Deposit to Escrow Funds	\$14,639,365
Costs of Issuance ⁽²⁾	<u>307,660</u>
Total Uses of Funds	\$14,947,025

⁽¹⁾ Includes prior Debt Services Reserve Fund and prior Bond Fund proceeds

⁽²⁾ Includes, but is not limited to, costs of issuance for the Issuer, counsel fees, printing, Trustee fees, Underwriter's discount and related expenses.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each respective year ending June 30, the amounts required to be made available for such year for payment of principal and interest by the Institution with respect to the Series 2017 Bonds, and the total estimated debt service required for such year for the Series 2017 Bonds. Principal on the Series 2017 Bonds is payable on July 1 of each year.

Fiscal Year			
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
6/30/2017	-	-	-
6/30/2018	\$805,000	\$257,565	\$1,062,565
6/30/2019	680,000	479,250	1,159,250
6/30/2020	700,000	458,550	1,158,550
6/30/2021	720,000	433,650	1,153,650
6/30/2022	745,000	404,350	1,149,350
6/30/2023	750,000	374,450	1,124,450
6/30/2024	800,000	343,450	1,143,450
6/30/2025	835,000	310,750	1,145,750
6/30/2026	865,000	276,750	1,141,750
6/30/2027	905,000	241,350	1,146,350
6/30/2028	940,000	199,750	1,139,750
6/30/2029	975,000	151,875	1,126,875
6/30/2030	1,030,000	101,750	1,131,750
6/30/2031	985,000	51,375	1,036,375
6/30/2032	535,000	13,375	548,375
Total	\$12,270,000	\$4,098,240	\$16,368,240

THE INSTITUTION

The Institution, a New York non-profit corporation established in 1851, is a private, independent law school located on the corner of New Scotland and Holland Avenues in the University Heights section of the City of Albany. In its 166 years of operation, the Institution has grown from 23 students and three faculty to a population in the fall of 2016 of 394 full-time and part-time students and 35 full-time and 28 adjunct faculty. See “APPENDIX A - CERTAIN INFORMATION CONCERNING THE INSTITUTION” and “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE FISCAL YEARS ENDED JUNE 30, 2016 and 2015.”

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RISK FACTORS

The following is a discussion of certain risks that could affect payments to be made by the Institution with respect to the Series 2017 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement, and such discussion should not be considered to be a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2017 Bonds should carefully analyze the information contained in this Official Statement, including the Appendices hereto, and in the documents summarized herein, copies of which are available as described herein.

General

The Series 2017 Bonds are payable solely from the payments to be made by the Institution pursuant to the Loan Agreement. Such payments will be made from the revenues derived by the Institution from its operations and from nonoperating revenues received by the Institution, including income from the investment of funds held on behalf of the Institution. No representation or assurance is made that revenues will be realized by the Institution in the amounts necessary to permit it to fund its current and anticipated operations and to make payments due under the Loan Agreement. The amount of the Institution's future revenues and expenses are subject to, among other things: (i) competition from other educational institutions; (ii) demand for a law school education; (iii) the continuation of support from private contributions and changing charitable contributions from the Institution's donor base; (iv) endowment and investment performance; (v) the capabilities of management of the Institution; and (vi) future economic and other conditions, all of which are unpredictable and which may affect the Institution's revenues that are available to fund the payment of the principal, Sinking Fund Payments or Redemption Price of, and interest on the Series 2017 Bonds. See APPENDIX A - "CERTAIN INFORMATION REGARDING THE INSTITUTION" for information regarding the Institution's recent financial performance.

No Obligation of State or the City of Albany, New York

The Series 2017 Bonds are not obligations of the State of New York or the City of Albany, New York, and neither the State of New York nor the City of Albany, New York has any liability thereunder. The Series 2017 Bonds are special revenue bonds payable solely from the sources described in this Official Statement and the Indenture.

Default by the Institution or the Issuer

No representations or assurances can be given that the Institution or the Issuer will not default in performing their respective obligations under the Loan Agreement or the Indenture. If an Event of Default occurs under the Indenture, the Trustee may accelerate the maturity of all Bonds Outstanding, notwithstanding the fact that the Series 2017 Bondholders may not receive notice of such acceleration until after such date. In addition, no premium will be received upon an acceleration of the Series 2017 Bonds due to a default.

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.

Enforceability of Lien on Gross Revenues

The Institution's obligations under the Loan Agreement are secured by a lien on Gross Revenues granted to the Trustee. Additional indebtedness and certain other Permitted Encumbrances also may be secured by a lien on Gross Revenues on parity with the lien securing the Institution's obligations with respect to the Series 2017 Bonds. See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS – Security for the Series 2017 Bonds – Additional Indebtedness." The value of the security interest in the Gross Revenues could be diluted by the issuance of such additional Indebtedness and Permitted Encumbrances. None of the Institution's gifts, grants, bequests, donations and contributions restricted at the time of making thereof by the donor constitute Gross Revenues. See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS – Security for the Series 2017 Bonds - Gross Revenues."

In the event of bankruptcy of the Institution, transfers of property by the Institution, including the payment of debt or the transfer of any collateral, including receivables and Gross Revenues, on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court, may be subject to avoidance or recovery as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Revenues to meet other expenses of the Institution before paying debt service on the Series 2017 Bonds and any additional Indebtedness secured by a lien on Gross Revenues. In the event of the liquidation or bankruptcy of the Institution, there can be no assurance that the proceeds of the Gross Revenues will be adequate to pay debt service on the Series 2017 Bonds and any additional Indebtedness secured by a lien on Gross Revenues.

Pursuant to the Uniform Commercial Code of the State, the perfection of a security interest in Gross Revenues may cease if such proceeds are not paid over to the Trustee (or an agent for the Trustee) by the Institution under certain circumstances. In addition, the lien on Gross Revenues may not extend to revenues coming into existence after commencement of a bankruptcy.

Matters Relating to Enforceability of Remedies

The remedies available under the Indenture, the Loan Agreement, the Negative Pledge Agreement, the Negative Pledge Assignment, the Pledge and Security Agreement and the Guaranty upon the occurrence of an Event of Default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, Title 11 of the United States Code (the Federal Bankruptcy Code), the remedies provided in the Loan Agreement, the Negative Pledge Agreement, the Negative Pledge Assignment, the Pledge and Security Agreement and the Guaranty may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by judicial principles of equity.

Amendments to Indenture and Loan Agreement

Certain amendments to the Indenture and the Loan Agreement may be made without notice to or the consent of the owners of the Series 2017 Bonds, and other amendments may be made with the consent of the owners of not less than a majority in aggregate principal amount of all Series 2017 Bonds Outstanding under the Indenture. Such amendments may affect the security for the Series 2017 Bonds and will be binding on all Bondholders, whether or not they have consented to the amendment. See APPENDIX C- "DEFINITIONS AND SUMMARIES OF CERTAIN FINANCING DOCUMENTS."

Tax-Exempt Status of the Institution

The Internal Revenue Service (the “IRS”) has determined that the Institution is a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). In order to maintain its tax-exempt status, the Institution must comply with a number of requirements affecting its operations. The possible modification or repeal of certain existing federal income tax laws, a change of IRS policies or positions, a change in the Institution's operations or purposes, or other factors could result in the loss of its tax-exempt status. The Institution has covenanted in the Loan Agreement and the Initial Tax Regulatory Agreement that it will maintain its existence as a tax-exempt organization described in Section 501(c)(3) of the Code.

Tax-Exempt Status of the Series 2017 Bonds

Because the excludability of interest on the Series 2017 Bonds from gross income for federal income tax purposes is dependent in part upon events occurring after the date of issuance of the Series 2017 Bonds, the opinion of Bond Counsel described under “TAX MATTERS” assumes the compliance by the Institution with certain provisions of the Code and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of interest on the Series 2017 Bonds from gross income for federal income tax purposes in the event of noncompliance with such provisions.

The failure of the Institution to maintain its existence as an organization described in Section 501(c)(3) of the Code or to comply with certain provisions of the Code and the regulations thereunder may cause interest on the Series 2017 Bonds to become includable in the gross income of the owners thereof for federal income tax purposes as of the date of issue. The Indenture does not provide for the payment of additional interest or a penalty on the Series 2017 Bonds or the mandatory redemption thereof in the event that the interest thereon becomes includable in gross income for federal income tax purposes. Also, holders of the Series 2017 Bonds are not indemnified for any costs or losses (e.g., tax deficiencies, interest and penalties, loss of market value) that may be incurred as a result of a loss in federal tax exemption.

From time to time the United State Congress has considered and can be expected in the future to consider tax reform and other legislative proposals, including some that carry retroactive effective dates, which, if enacted, could alter or amend the federal tax exempt status, or adversely affect the market value, of the Series 2017 Bonds. It cannot be predicted whether, or in what form, any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. In the event any such legislation which adversely affects the federal tax exempt status or the market value of the Series 2017 Bonds become law, the Indenture does not provide for either the increase in interest rate on the Series 2017 Bonds or the mandatory redemption of the Series 2017 Bonds. Also, holders of the Series 2017 Bonds are not indemnified for any costs or losses (e.g., tax deficiencies, interest and penalties, loss of market value) that may be incurred as a result of a change in law.

Risk of IRS Audit

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is includable in gross income for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Series 2017 Bonds. If an audit is commenced, under current procedures, the IRS may treat the Issuer as the party under audit and the Bondholders may have no right to participate in the proceedings. The commencement of an audit

could adversely affect the market price for, and marketability of, the Series 2017 Bonds until the audit is concluded, regardless of the ultimate outcome.

Reliance on Investment Balances

In certain fiscal years, the Institution has relied on investment balances to fund a portion of its operating expenses. The Institution has an endowment funds “total return” investment spending policy, which is applied to substantially all of the Institution’s endowment. The amount of endowment return (yield and appreciation) used annually to support operations is equivalent to 7% of the weighted average of these investments over the prior three years. Distributions of investment balances are dependent on the market value of the investments, among other things, and there can be no assurances regarding the level of future distributions. The Institution invests in various types of investment securities. Investment securities are exposed to various risks, including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur at any time and such changes could materially affect the value of the Institution's investments and other amounts reported in the audited financial statements appearing in APPENDIX B, as well as the operations of the Institution. See “APPENDIX A - CERTAIN INFORMATION REGARDING THE INSTITUTION.”

Additional Indebtedness

Additional Indebtedness may be issued by the Institution from time to time while the Series 2017 Bonds remain outstanding. See “SECURITY FOR THE SERIES 2017 BONDS - Additional Indebtedness” and APPENDIX C - DEFINITIONS AND SUMMARIES OF CERTAIN FINANCING DOCUMENTS.

Bond Ratings

There is no assurance that the ratings assigned to the Series 2017 Bonds on the date of issue will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and marketability of, the Series 2017 Bonds. See “RATINGS” herein.

Redemption and Acceleration

The Series 2017 Bonds are subject to redemption, without premium, in advance of their stated maturities as described under the caption “THE SERIES 2017 BONDS - Redemption Provisions.” In addition, upon the occurrence of certain events of default under the Indenture or the Loan Agreement, the Series 2017 Bonds may become subject to acceleration. If Series 2017 Bonds are redeemed prior to their stated maturity, the owners of such Series 2017 Bonds may not receive the rate of interest indicated, and if the Series 2017 Bonds are accelerated prior to their stated maturity, the owners of such Series 2017 Bonds will not receive the rate of interest indicated.

Secondary Market and Prices

No assurance can be given that there will be a secondary market for the Series 2017 Bonds at any time. Even if a secondary market exists, there can be no assurance as to the price for which the Series 2017 Bonds may be sold. Such price may be lower than the price paid by the then current owner of the Series 2017 Bonds, depending on existing market conditions and other factors.

TAX MATTERS

All quotations from and summaries and explanations of provisions of laws appearing under this caption do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Opinion of Bond Counsel

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law and assuming compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2017 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Code; except that (a) the Institution or another Person, by failing to comply with the requirements contained in the Code, may cause interest on the Series 2017 Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Series 2017 Bonds is included in the tax base for purposes of computing the alternative minimum tax on corporations under Section 56 of the Code and the branch profits tax under Section 884 of the Code; and (2) so long as interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes, 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). Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2017 Bonds.

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Code and the regulations thereunder (collectively, the “Tax Requirements”). In the opinion of Bond Counsel, the Tax Regulatory Agreement and the other Financing Documents establish requirements and procedures, compliance with which will satisfy the Tax Requirements. Bond Counsel will not independently verify the accuracy of the certifications and representations of the Issuer and the Institution, or the continuing compliance with the covenants by the Issuer and the Institution.

Bond Counsel does note that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2017 Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the Institution. The Issuer and the Institution have each covenanted to take the actions required of it for the interest on the Series 2017 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2017 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of the interest paid or payable on the Series 2017 Bonds or the market value of the Series 2017 Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2017 Bonds from gross income for federal income tax purposes, but is not a guaranty of that conclusion. The opinion is not binding upon the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (1) the effect of future changes in the Code and the applicable regulations under the Code or (2) the interpretation and enforcement of the Code or such regulations by the IRS.

Tax Requirements

The Tax Requirements referred to above, which must be complied with in order that interest on the Series 2017 Bonds remain excluded from gross income for federal income tax purposes, include, but are not limited to:

- (1) The requirement that (a) all property financed or refinanced with proceeds of the Series 2017 Bonds be owned by a 501(c)(3) organization or by a state or local governmental unit, and (b) no more than five percent (5%) of the proceeds of the Series 2017 Bonds be used for any private business use, treating as private use (i) use (directly or indirectly) in a trade or business carried on by any entity other than (A) a state or local governmental unit or (B) a Section 501(c)(3) organization in a trade or business related to such Section 501(c)(3) organization's purposes and (ii) possession of certain interests in the property financed or refinanced with proceeds of the Series 2017 Bonds by any entity other than (A) a state or local governmental unit or (B) a Section 501(c)(3) organization. The Institution has indicated in the Tax Regulatory Agreement that (x) all property financed or refinanced with proceeds of the Series 2017 Bonds will be owned by a 501(c)(3) organization or by a state or local governmental unit, and (y) no more than five percent (5%) of the proceeds of the Series 2017 Bonds will be used for any private business use.
- (2) The requirement that not more than two percent (2%) of the proceeds of the Series 2017 Bonds be utilized to finance the costs of the issuance of the Series 2017 Bonds. The Institution has indicated in the Tax Regulatory Agreement that not more than two percent (2%) of the proceeds of the Series 2017 Bonds will be utilized to finance the costs of issuance of the Series 2017 Bonds.
- (3) The requirements contained in Section 148 of the Code relating to arbitrage bonds, including but not limited to the requirement that, unless the Institution satisfies one of the applicable exceptions provided by Section 148 of the Code, the excess of all amounts earned on the investment of the Gross Proceeds of the Series 2017 Bonds over that which would have been earned on such Gross Proceeds had such Gross Proceeds been invested at a Yield equal to that on the Series 2017 Bonds, and any investment income earned on such excess, be rebated to the United States. The Institution has agreed in the Tax Regulatory Agreement and in the Loan Agreement to comply with the requirements of Section 148 of the Code.
- (4) The requirement that the Project Facility not be used for a purpose prohibited under Section 147(e) of the Code (relating to, among others, any facility primarily used for gambling, or a store, the principal business of which is the sale of alcoholic beverages for consumption off premises).
- (5) The requirement contained in Section 149(b) of the Code that payment of principal or interest on the Series 2017 Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

Certain Collateral Federal Tax Consequences

You should also be advised that the Series 2017 Bonds are subject to, among others, the following provisions contained in the Code:

- (1) a portion of the interest on the Series 2017 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax;

- (2) interest on the Series 2017 Bonds may also be subject to a branch profits tax imposed upon certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations;
- (3) interest paid by certain financial institutions on debt allocable to the cost of acquiring and carrying the Series 2017 Bonds is not deductible from Federal income taxation; and
- (4) a property and casualty insurance company's deduction for losses incurred is reduced by 15% on tax-exempt income received from the Series 2017 Bonds.

Prospective purchasers of the Series 2017 Bonds should also 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 institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, 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 applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2017 Bonds. Bond Counsel will express no opinion regarding these consequences.

Information Reporting and Backup Withholding

Interest paid on the Series 2017 Bonds will be subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2017 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Future Legislation or Other Post-Issuance Events

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, or 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 or local 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.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the New York State Legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of the Series 2017 Bonds. There can be no assurance that legislation enacted or proposed or actions by a court after the date of issuance of the Series 2017 Bonds will not have an adverse effect on the tax status of the interest on the Series 2017 Bonds or the market value or marketability of the Series 2017 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in benefit) of the exclusion of the interest on the Series 2017 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. 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.

For example, various proposals have been made in Congress and by the President (the “Proposed Legislation”), which if enacted, could limit the exclusion from gross income of interest on obligations like the Series 2017 Bonds for taxpayers who are individuals and whose income is subject to higher marginal tax rates, could subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Series 2017 Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of thresholds specified in the Proposed Legislation, or that could otherwise significantly reduce the benefit of the exclusion from gross income of interest on obligations like the Series 2017 Bonds. It is unclear if the Proposed Legislation would be enacted, whether in its current or an amended form, or if other legislation that could subject interest on the Series 2017 Bonds to a tax or cause interest on the Series 2017 Bonds to be included in the computation of a tax, will be introduced or enacted.

No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the market value or the marketability of the Series 2017 Bonds or the tax consequences of ownership of the Series 2017 Bonds. Similarly, it is not possible to predict whether any other 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 tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2017 Bonds at other than their original issuance at the respective prices set indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to 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. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2017 Bonds may affect the tax status of interest on the Series 2017 Bonds. Unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the owners of the Series 2017 Bonds regarding the tax status of the interest thereon in the event of an audit examination by the IRS. If the IRS does audit the Series 2017 Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Series 2017 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. 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 by the IRS, including but not limited to the selection of the Series 2017 Bonds for audit, or the

course or result of such audit, or an audit of other obligations presenting similar tax issues, may alter the market value for, or the marketability of, the Series 2017 Bonds, and may cause the Issuer, the Institution or the Bondholders to incur significant expense.

Premium Bonds

The excess, if any, of the tax adjusted basis of a maturity of any of the Series 2017 Bonds purchased as part of the initial public offering by a purchaser (other than a purchaser who holds such Series 2017 Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is “bond premium.” Owners of a maturity of the Series 2017 Bonds with bond premium (a “Premium Bond”) will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the initial owner of a Premium Bond may realize taxable gain upon disposition of Premium Bonds even though sold or redeemed for an amount less than or equal to such owner’s original cost of acquiring such Premium Bonds. In general, bond premium is amortized over the term of a Premium Bond for Federal income tax purposes in accordance with constant yield principles based on the owner’s yield over the remaining term of such Premium Bond (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). The Owner of a Premium Bond is required to decrease such Owner’s adjusted basis in such Premium Bond by the amount of amortizable bond premium attributable to each taxable year such Premium Bond is held. The amortizable bond premium on such Premium Bond attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Premium Bond.

Prospective purchasers of any Premium Bond should consult their tax advisors with respect to the determination for purposes of federal income taxation of the treatment of bond premium upon the sale or other disposition of such Premium Bond and with respect to the state and local tax consequences of acquiring, owning, and disposing of such Premium Bond.

New York State Taxes

In the opinion of Bond Counsel, so long as interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2017 Bonds is exempt, under existing law, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Tax Risks - Loss of Federal Tax Exemption

As described above, interest on the Series 2017 Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2017 Bonds that violate the requirements and limitations prescribed by the Code. Although the Institution has agreed not to violate the requirements and limitations of the Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2017 Bonds may be deemed to be taxable from the date of issuance. The Series 2017 Bonds are not subject to mandatory redemption or acceleration in the event of such an occurrence, nor is there any provision for additional interest to be paid to the Series 2017 Bondholders or former Series 2017 Bondholders to compensate such Bondholders for any losses they may incur as a result of the interest on the Series 2017 Bonds becoming subject to federal income taxation.

Form of Opinion of Bond Counsel

The form of the approving opinion of Bond Counsel is attached hereto as APPENDIX E.

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2017 BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE SERIES 2017 BONDS.

CONTINUING DISCLOSURE

The Issuer has determined that 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 Securities and Exchange Commission (the “Commission”), the Institution 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.

Pursuant to a Continuing Disclosure Agreement, dated as of the date of the delivery of the Series 2017 Bonds (the “Undertaking”) by and between the Issuer, the Institution and the Trustee, the Institution has covenanted for the benefit of Bondholders to (i) provide certain annual financial information and operating data relating to the Institution, and (ii) provide notices of the occurrence of certain enumerated events, if material. For details regarding the timing and content of such continuing disclosure, a copy of the Continuing Disclosure Agreement is attached hereto as Appendix D.

Historical Compliance

The Institution entered into previous continuing disclosure undertakings in connection with the issuance of the Prior Bonds but inadvertently failed to timely file the annual information required under such undertakings for the fiscal years ending June 30, 2007 through 2016, inclusive. All required annual information and late filing notices, including the Institution’s audited financial statements and certain required annual operating information, was filed with the Municipal Securities Rulemaking Board on April 6, 2017. The Institution recently engaged Digital Assurance Certification, LLC to serve as the Institution’s dissemination agent for purposes of the Continuing Disclosure Agreement related to the Series 2017 Bonds.

RATING

S&P Global Ratings (“S&P”) will assign the Series 2017 Bonds a rating of “BBB” with a stable outlook. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished it and on investigations, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the holders of the Series 2017 Bonds any proposed revision or withdrawal of the ratings of the Series 2017 Bonds or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of such rating could 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.

FINANCIAL ADVISORS

Excelsior Capital Advisory Services LLC and Public Financial Management Inc. are serving as co-financial advisors (collectively, the “Financial Advisors”) to the Institution in connection with the issuance of the Series 2017 Bonds. The Financial Advisors are not obligated to undertake an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The financial statements for the Institution 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 Grant Thornton LLP, independent certified public accountants, as set forth in their report thereon appearing in Appendix B of this Official Statement.

UNDERWRITING

Piper Jaffray & Co., as underwriter (the “Underwriter”), has agreed to purchase the Series 2017 Bonds at an aggregate purchase price of \$13,486,686.50, reflecting an original issue premium of \$1,281,686.50 and an underwriter’s discount of \$65,000.00. The Underwriter may offer and sell the Series 2017 Bonds to certain dealers (including dealers depositing Series 2017 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover page hereof. The purchase of the Series 2017 Bonds by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all the Series 2017 Bonds, if any are purchased. The public offering prices set forth on the inside cover page hereof may be changed after the initial offering by the Underwriter.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Series 2017 Bonds are subject to the approving opinions of Hodgson Russ LLP, Albany, New York, Bond Counsel. Certain legal matters will be passed upon for the Issuer by William G. Kelly, Jr., Esq., Corporation counsel for the Issuer, and certain legal matters will be passed upon for the Institution by Bond, Schoeneck & King, PLLC, Syracuse, New York, counsel to the Institution. Certain legal matters will be passed upon for the Underwriter by Trespasz & Marquardt, LLP, counsel to the Underwriter.

NO LITIGATION

The Issuer

To the knowledge of the Issuer, there is no pending or threatened litigation seeking to restrain or enjoin the issuance of the Series 2017 Bonds or affecting the validity of the Series 2017 Bonds, or any proceedings of the Issuer taken with respect to the issuance thereof, or questioning or affecting the validity of the pledge or application of any monies, revenues or security provided for the payment of the Series 2017 Bonds or the existence or powers of the Issuer. Neither the creation, organization or existence of the Issuer, nor title of the present directors or other officials of the Issuer to their respective offices, is being contested.

The Institution

To the knowledge of the Institution, there is no pending or threatened litigation seeking to restrain or enjoin the issuance of the Series 2017 Bonds or in any way affecting the validity of the Series 2017

Bonds, or any proceedings of the Institution taken with respect to the issuance thereof, or questioning or affecting the validity of the pledge or application of any monies, revenues or security provided for the payment of the Series 2017 Bonds, nor is there any pending or threatened litigation that (i) in any manner questions the right of the Institution to enter into the Financing Documents to which it is a party or the other instruments and agreements entered into in connection therewith, (ii) could otherwise have a material adverse effect upon the business, operations or properties of the Institution, or (iii) prevents the Institution from consummating the transactions contemplated thereby.

MISCELLANEOUS

The Institution has furnished all information set forth herein, including “APPENDIX A - CERTAIN INFORMATION REGARDING THE INSTITUTION,” “APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015,” and all other information herein concerning the Institution, the Series 2017 Project and litigation affecting the Institution. Bond Counsel has furnished all information in this Official Statement concerning the tax treatment of the Series 2017 Bonds and interest thereon, and all descriptions of the Series 2017 Bonds and the related Financing Documents appearing herein, as well as all information set forth in Appendix C and Appendix E. The Issuer assumes no responsibility for the accuracy or completeness of such information.

The information contained in this Official Statement has been compiled or prepared from information obtained from the Institution and official and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The Institution has reviewed the information contained herein and has approved this Official Statement, including its execution and distribution.

APPENDIX A

CERTAIN INFORMATION REGARDING THE INSTITUTION

History of the Law School

The Albany Law School of Union University (the “Institution” or “School”), a New York non-profit corporation established in 1851, is a private, independent law school. The Institution’s campus is a nine-acre site located on the corner of New Scotland and Holland Avenues in the University Heights section of the City of Albany.

The Institution joined with the Albany Medical College, Union College and the Dudley Observatory to form Union University, which received its charter in 1873. Albany College of Pharmacy later joined Union University in 1881. Union University remains today as an association of these five institutions, each operated and governed separately.

In its 166 years of operation, the Institution has grown from 23 students and three faculty to a population in the fall of 2016 of 394 full-time and part-time students and 35 full-time and 28 adjunct faculty. The Institution awards the professional degree of Juris Doctor, Master of Law and Letters (LL.M.) and LL.M. for International Law Graduates. The Institution also offers joint degree programs with several nearby universities. In the Spring of 2016 the Institution graduated 152 students.

The Institution offers seventeen concentrations: alternative dispute resolution, business law, civil and constitutional rights, civil litigation, criminal law, cybersecurity and law, environmental law, equine racing and gaming law, estate law, family and elder law, governmental administration and regulation, health law, intellectual property, international law, labor and employment law, social entrepreneurship and law and tax law. The Institution has established specialized centers, the Law Clinic and Justice Center, established in 1981 to provide students the opportunity to represent real clients and the Government Law Center, established in 1978 to focus on legal aspects of public policy reform. In addition, the Institution, through its Institute of Legal Studies, offers Continuing Legal Education courses to the general public to assist practicing attorneys in fulfilling the regulatory requirements for licensure.

Recent Accomplishments & Awards

- As of April 1st of 2017, 90% of the Institution’s class of 2016 secured employment in law firms, government positions, public interest work, and business and industry.
- After a winning election season, in January of 2017 more than 20 graduates of the Institution were sworn in to serve their terms in elected office and on the Judicial bench, including Rep. Lee M. Zeldin ’03, U.S. House of Representatives, 1st Congressional District of New York.
- In January of 2016 rankings published by *preLaw* magazine placed the Institution at number 1 for preparing law students for careers in public service, citing the Institution’s "A" grades in curriculum and employment.
- The bar passage rate for the Institution’s class of 2016 first-time test-takers of the July 2016 bar exam was 83%. This represents an increase of 14.5% from last year’s rate. The percentage of the class who passed the bar is above the average pass rate for the 15 law schools in New York State.
- The Institution saw a 29 place increase (from 138 to 109) in its 2017-2018 U.S. News ranking for U.S. law schools from its 2015-2016 ranking.

The Law School's Campus and Facilities

The Institution's current campus consists of approximately nine acres of real estate and buildings located in the University Heights section of Albany. The Institution, then housed in a single building, moved to this site from its central downtown location in 1929. The Institution now surrounds a central courtyard with the original building to the north, wings built in 1967 to the east and west and the Schaffer Law Library to the south. In 2000, a new building was constructed to house mainly administrative offices. In total, the Institution currently utilizes approximately 198,000 gross square feet of space in its programs.

The Institution facilities also provide students and faculty with food service and a variety of indoor and outdoor recreational activities. The Institution operates a joint bookstore with Albany College of Pharmacy and Health Sciences and The Sage Colleges. The bookstore is located in Albany College of Pharmacy and Health Sciences' Gozzo Student Center, adjacent to the Institution's 2000 Building.

The Institution does not own or operate any student housing facilities. Students generally rent housing in nearby neighborhoods and have access to the Renaissance Corporation's student housing facility located adjacent to the Institution's campus.

Educational Deed Restriction

The approximately nine acres of real estate on which the Institution is located are owned by the Institution and are not encumbered by any liens in favor of any third party. The Institution's property is subject to a deed restriction that requires the land to be used solely for school, academic and educational purposes and provides that if it ceases to be used in this manner, title reverts to the County of Albany. This deed restriction has not impeded the operation of the Institution in any way during its entire history at the site and does not prohibit the Institution from entering into a Negative Pledge on the Institution's real estate. See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS - *Negative Pledge Agreement*" herein.

The Schaffer Law Library

The Schaffer Law Library (the "Library") is an important part of the educational life of the Institution, providing the resources and services necessary to support the research and educational needs of faculty, students, and co-curricular programs. It is also a major regional legal resource for the bench, bar and general population of Northeastern New York. In 1980 the Library became a selective United States Government Depository and in 1989 it was designated a New York State Research Depository. With a collection surpassing 730,000 volumes and volume equivalents, an excellent, experienced staff, a website providing access to numerous databases, and an outstanding physical facility, the Library is viewed as a strength of the Institution and an invaluable asset to the larger communities which it serves.

The Library moved into its present building in 1986. Occupying 53,000 square feet of space, it offers computer rooms, group study rooms, a videotape viewing room and seating for 417 users. Extensive office, conference and work spaces are provided for the Library staff of fourteen professional librarians and specialists. Access to the Institution's computer network is provided at all seating through hard-wired and wireless systems.

Accreditation

The Institution is fully accredited by the American Bar Association and is a member of the Association of American Law Schools.

Strategic Plan

The Institution's strategic plan was approved by the Board of Trustees in December of 2016. It provides a framework for the Institution's mission, vision and goals. More specifically, the strategic plan states:

Mission: Albany Law School educates and empowers tomorrow's leaders, engaged professionals, committed public servants, inspiring community change-agents, and creative problem solvers. We connect the classroom to the profession, government, and the community through experienced-based learning, engaged scholarship, and a robust network of alumni and supporters. Our students develop a sophisticated understanding of legal policy and doctrine, a broad range of professional competencies, and a deep commitment to justice and ethical values.

Vision: Albany Law School will be recognized as a student-centered community of learning that provides a rigorous, innovative program of legal and graduate education that responds adeptly to changing needs and opportunities. Learning at Albany Law School is a joint endeavor between students and faculty members, supported by staff, administrators, alumni, and the Board of Trustees. The law school offers Opportunity Pathways that attract students with a diverse range of interests and backgrounds and prepares graduates for extraordinary careers. Led by faculty scholars and teachers committed to advancing law and justice, our students will develop skills, knowledge and professional values to contribute to and lead in a global society. Our graduates will join a flourishing alumni community dedicated to the success of the law school, its students, and its mission.

Goals: Albany Law School will pursue its mission and seek to achieve its vision by committing to the following goals:

- Attract and retain a talented and diverse pool of students who are engaged learners prepared to succeed in today's complex and changing world.
- Provide a dynamic educational program that educates skilled, ethical, and visionary lawyers, professionals and leaders in their chosen fields.
- Cultivate and nurture a community of engaged teachers, productive scholars, exceptional practitioners, government leaders, and private and public innovators working together to provide a dynamic educational environment.
- Provide Opportunity Pathways to promote professional development and career success for all our students.
- Ensure that our financial, human, technological, and physical resources support our strategic objectives and competitiveness.
- Strengthen and incentivize an institutional culture of professionalism, collegiality, intellectual curiosity, productivity, intercultural effectiveness, transparency, efficiency, collaboration, continuous improvement, and responsibility for outcomes.

Affiliation with University at Albany, State University of New York ("UAlbany")

In September of 2015, the School signed an Affiliation and Master Services Agreement (MSA) with UAlbany. The Affiliation Agreement describes the understanding of the School and UAlbany regarding their intent to build upon existing collaborations between the School and UAlbany, leverage the

academic, intellectual and operational synergies in the areas of teaching, research, cost containment, revenue generation and community engagement, develop new pathways in legal education, and increase access for legal education in the capital region. The MSA, along with various Statements of Work, sets forth the specific terms and conditions of the collaborative activities that the School and UAlbany will undertake in furtherance of deepening the affiliation.

The Affiliation Agreement provides for six dual degree programs with a JD from the Institution and a Masters degree from UAlbany in Business, Public Administration, Regional Planning, Criminal Justice, Social Work and History. The Agreement also provides for a 3+3 program whereby a student can earn an undergraduate degree at UAlbany and a JD from the Institution in six years.

Governance

The Institution is governed by a Board of Trustees of not more than 35 members. The current members of the Board and its officers are listed below:

TABLE A-1: BOARD OF TRUSTEES	
<u>Members</u>	<u>Affiliations</u>
Chair – Daniel P. Nolan, Esq.	Hugh Johnson Advisors LLC Albany, New York
Vice Chair – James E. Hacker, Esq.	E. Stewart Jones Hacker Murphy, LLP Troy, New York
Secretary – Johnna G. Torsone, Esq.	Pitney Bowes Inc. Stamford, Connecticut
Treasurer – Robert C. Miller, Esq.	Windsor Development Group Clifton Park, New York
James N. Benedict, Esq.	Wolcott, Colorado
William A. Brewer III, Esq.	Brewer Attorneys and Counselors New York, New York
Keiki-Michael Cabanos, Esq.	Westwood Capital New York, New York
Andrea L. Colby, Esq.	Metuchen, New Jersey
William J. Curry, Esq.	Sullivan & Worcester LLP Boston, Massachusetts
Jon A. Dorf, Esq.	Dorf & Nelson LLP Rye, New York
Dan S. Grossman, Esq.	Bloomberg L.P. New York, New York
J.K. Hage III, Esq.	Hage and Hage, LLC Utica, New York
Paul Harding, Esq.	Martin, Harding & Mazzotti, LLP Niskayuna, New York
Matthew F. Herman, Esq.	Freshfields Bruckhaus Deringer New York, New York
E. Stewart Jones, Jr., Esq.	E. Stewart Jones Hacker Murphy, LLP Troy, New York
Patrick K. Jordan, Esq.	Port of Albany Albany, New York
Peter C. Kopff, Esq.	Peter C. Kopff, LLC Garden City, New York

TABLE A-1: BOARD OF TRUSTEES (continued)	
<u>Members</u>	<u>Affiliations</u>
J. Kevin McCarthy, Esq.	The Bank of New York Mellon New York, New York
David E. McCraw, Esq.	The New York Times Company New York, New York
Timothy D. O'Hara, Esq.	The AYCO Company, L.P. Saratoga Springs, New York
Nelson Perez, Esq.	National Grid USA Svc. Co. Inc. Washington, District of Columbia
Rory J. Radding, Esq.	Locke Lord LLP New York, New York
Earl T. Redding, Esq.	Roemer Wallens Gold & Mineaux LLP Albany, New York
Hon. Christina L. Ryba	NYS Supreme Court Justice, 3 rd Judicial District Albany, New York
James J. Sandman	Legal Services Corporation Washington, District of Columbia
Hon. Katherine M. Sheenan	Mayor, City of Albany Albany, New York
Hon. Leslie E. Stein	NYS Court of Appeals Albany, New York
Christine G. Stone, Esq.	Orchard Street Settlements Forked River, New Jersey
Kathryn L. Tabner, Esq.	Greenwich, Connecticut
Dale M. Thuillez, Esq.	Thuillez, Ford, Gold, Butler & Young, LLP Albany, New York
Debra B. Treyz, Esq.	Chappaqua, New York
Frank P. Willey, Esq.	Hennelly & Grossfeld LLP Marina Del Rey, California
Jack Withiam, Esq.	Greenwich, Connecticut
Mark S. Zaid, Esq.	Law Office of Mark S. Zaid, P.C. Washington, District of Columbia

Administration

The President/Dean of the Institution is appointed by the Board of Trustees upon recommendation of the Faculty. As chief executive officer, Dean Ouellette is responsible for day-to-day management decisions and implementing the Institution's long and short term plans. All other executive officers of the Institution are appointed by the President/Dean. The Vice Presidents are approved by the Board of Trustees. The principal executive officers of the Institution are as follows:

Alicia Ouellette, President and Dean, Professor of Law. Dean Ouellette was named the 18th Dean of Albany Law School of Union University in 2015. She joined the faculty at the Institution in July 2001. Prior to joining the Institution, she served as an Assistant Solicitor General in the New York State-Attorney General's office. Before that, she worked in private practice and served as a confidential law clerk to Judge Howard A. Levine on the New York State Court of Appeals. Dean Ouellette earned her undergraduate degree from Hamilton College and her J.D. from Albany Law School of Union University and served as Editor-in-Chief of the Albany Law Review. Her research focuses on health law, disability rights, family law, children's rights and human reproduction. She is the author of a book on Bioethics

and Disability (Cambridge University Press). Dean Ouellette was formerly Dean (2015); Associate Dean for Academic Affairs (2014-2015) and Associate Dean for Student Affairs (2012-2013).

Connie M. Mayer, Associate Dean for Academic Affairs. Dean Mayer was named associate dean of Albany Law School of Union University in July 2015. Dean Mayer joined the Institution in July, 1986. She practiced law with East Texas Legal Services and subsequently worked in a private criminal and civil law practice. Dean Mayer earned her undergraduate degree from Eastern Illinois University, her J.D. from University of Houston Law Center, and her M.A. in Criminal Justice from the University at Albany. She was formerly the Director of the Disabilities Law Clinic (1986-1992); the Director of the AIDS/HIV Law Clinic (1992-1996); the Director of the Clinical Legal Studies Program (1992-2001); Associate Dean for Student Affairs (1999-2005); Associate Dean for Academic Affairs (2006-2011, 2013) and Interim President and Dean (2012).

Rosemary Queenan, Associate Dean for Student Affairs, Professor of Law. Dean Queenan joined the faculty at the Institution in 2007. Prior to joining the Institution, she was the Assistant General Counsel for the Patrolmen's Benevolent Association of the City of New York, Inc., where she represented the Union in various court actions and arbitrations, and advised the Board of Trustees on issues involving the Union's affiliated Health and Welfare Funds. She also served as an Assistant Attorney General in the Litigation and Civil Rights Bureaus of the New York Attorney General's Office. She was also an associate in two private litigation firms. Dean Queenan received her undergraduate degree from the University of Maryland and her J.D. from New York Law School.

Antony Haynes, Associate Dean for Strategic Initiatives and Information Systems, Assistant Professor. Dean Haynes joined the Institution in December 2015. Prior to joining the Institution, he served as an associate at the law firm of Quinn, Emanuel, Urquhart & Sullivan LLP, in Washington, D.C., and before that at Williams & Connolly LLP, in Washington, D.C. He was an Assistant Professor of Computer Science at the U.S. Air Force Academy, where he developed the Academy's Information Assurance curriculum and created the intercollegiate Cyber Defense Exercise. He earned his undergraduate degree at the U.S. Air Force Academy; M.S. in Computer Science at the University of Illinois at Urbana/Champaign; and his J.D. at the Georgetown University Law Center.

Colleen Smith, Director of the Schaffer Law Library. Director Smith joined the Institution in 2001 as Technical Services Librarian and then became Head of Technical Services. Prior to joining the Institution, she was the Catalog and Authority Control Librarian at SUNY Cobleskill, Catalog Librarian at Adirondack Community College, and Library Director at Mildred Elley. She earned her undergraduate degree at Union College in Schenectady, and her M.L.S. from the University at Albany. She was formerly Interim Director of the Schaffer Law Library (2014-2015).

Andrew Ayers, Director of Government Law Center, Visiting Assistant Professor. Director Ayers joined the Institution in November 2016. Prior to joining the Institution he was Senior Assistant Solicitor General with the Office of New York Solicitor General and before that served as law clerk for Hon. Gerard E Lynch in the U.S. District Court for the Southern District of New York and for Hon. Sonia Sotomayor at the U.S. Court of Appeals for the Second Circuit. He earned his undergraduate degree at Vassar College and his J.D. from Georgetown University Law Center.

Sarah Rogerson, Director of the Law Clinic and Justice Center, Director, Immigration Law Clinic, Associate Professor of Law. Professor Rogerson joined the faculty at the Institution in 2011. Prior to joining the Institution, she was an attorney at the Human Rights Initiative of North Texas, Inc. and worked as an associate attorney at a law firm with practices in New York and New Jersey. Professor Rogerson earned her undergraduate degree from Hillsdale College; M.A. from Seton Hall University; J.D. from Seton Hall University; and LL.M. from Southern Methodist University.

Anne Marie Judge, Assistant Dean for Institutional Advancement. Ann Marie was named Assistant Dean for Institutional Advancement in August 2015. She joined the Institution in November 2012 as the Director of Annual Giving. Prior to joining the Institution, she was the director of development at the Albany Symphony Orchestra and the assistant director for annual fund and special gifts at The Sage Colleges in Troy, N.Y. She was formerly Interim Assistant Dean (2014-2015). She earned her undergraduate degree from Sage College of Albany.

Victor E. Rauscher, Vice President for Finance and Business. Vice President Rauscher joined the Institution in 2001. Prior to joining the Institution, he was the Controller at Rensselaer Polytechnic Institute. Vice President Rauscher was also an audit manager at Coopers & Lybrand working in their higher education and not-for-profit practice. He earned his undergraduate degree from Bucknell University.

Faculty

The Institution currently has 35 full-time faculty members, and 28 adjunct faculty members. Of the full-time tenure-track faculty, 21 are tenured. The Institution maintains a student to faculty ratio of approximately 11 to 1. The tables below present the Institution's full-time and part-time faculty for the current and past four completed academic years.

TABLE A-2: FULL-TIME FACULTY (ACADEMIC YEARS)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Tenured	26	22	21	21	21
Tenure Track	7	6	3	2	3
Long-Term Contract	12	11	8	7	8
Long-Term Contract Track	0	0	0	1	1
Other	<u>4</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Full Time Faculty	<u>49</u>	<u>40</u>	<u>34</u>	<u>33</u>	<u>35</u>

As shown above, during the 2012-2013 school year faculty numbers decreased due to natural attrition through resignations and retirements. During the 2013-14 school year the Institution implemented a successful planned voluntary separation program to align faculty with enrollment trends.

TABLE A-3: PART-TIME FACULTY (ACADEMIC YEARS)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Part-Time Faculty	31	22	23	30	28

Non-Faculty Employees

In addition to its 63 faculty members, the Institution has 80 administrative, facilities and support personnel. None of the Institution's employees are covered by collective bargaining agreements. The table below presents the Institution's non-faculty employees for the current and past four completed academic years.

TABLE A-4: NON-FACULTY EMPLOYEES (ACADEMIC YEARS)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Full-Time	90	84	73	75	73
Part-Time	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>
Total	<u>98</u>	<u>93</u>	<u>82</u>	<u>84</u>	<u>80</u>

Admissions and Student Enrollment

As an independent law school, the Institution has been experiencing a challenging enrollment environment due to population and economic trends and projections in its primary draw areas of New York State and New Jersey. As a result, the Institution is implementing a multi-pronged strategy for enrollment that is expected to diversify the enrollment mix, build larger pools of prospective students from outside of its primary draw areas while maintaining market share in these areas and modify and expand academic and co-curricular programs to meet market demands. It has also broadened its course offerings to add such majors as cyber security, increase online offerings as well as continue to make investments in successful programs. The Institution has also expanded its geographic recruitment areas while preserving its moderate attendance costs.

TABLE A-5: ADMISSIONS STATISTICS					
First Year Fall Applications and Enrollment					
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Applications	1,771	1,193	959	984	1,013
Acceptances	1,220	712	584	607	574
Acceptance Ratio	68.9%	59.7%	60.9%	61.7%	56.7%
Matriculants	196	180	117	126	146
Mean LSAT Score	152	153	151	151	152

TABLE A-6: GEOGRAPHIC PROFILE OF ENTERING FIRST YEAR STUDENTS BY PERCENTAGE OF CLASS					
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
New York State	76%	87%	88%	84%	89%
Non-New York State	24%	13%	12%	16%	11%
Total	100%	100%	100%	100%	100%

TABLE A-7: ENROLLMENT SUMMARY					
Fall Enrollment by Academic Year as of October 1st					
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Full-Time Enrollment	569	537	420	367	342
Part-Time Enrollment	<u>46</u>	<u>57</u>	<u>55</u>	<u>47</u>	<u>52</u>
Total	615	594	475	414	394

Although enrollment statistics for the 2017-18 school year are unavailable at this time, as of May 22, 2017 the Institution received 134 non-refundable deposits from accepted applicants, as compared with 112 that were on hand as of May 22, 2016.

TABLE A-8: RETENTION					
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
First Year Percent	86.4%	88.3%	90.0%	90.6%	87.3%

TABLE A-9: GRADUATION RATE					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
In Three Years	82.1%	75.2%	78.6%	82.1%	74.6%
In Four Years	87.0%	80.3%	83.6%	85.1%	Not Available

TABLE A-10: J.D. DEGREES AWARDED					
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Degrees Awarded	240	195	204	183	151

TABLE A-11: BAR PASSAGE RATE					
First Time Test Takers New York State Bar Passage Rate for Calendar Year					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bar Passage Percent	81.1%	79.8%	74.5%	67.8%	83%

Competition

The Institution's primary competitors for students are New York Law School, Syracuse University College of Law, Brooklyn Law School, University at Buffalo School of Law, Hofstra Law School and Pace Law School. The table below presents the tuition and fees for the Institution and its competitors for the past five complete academic years:

TABLE A-12: COMPARATIVE TUITION & FEES† (ACADEMIC YEARS)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Albany Law School	\$42,675	\$43,523	\$43,398	\$43,398	\$44,696
Brooklyn Law School	50,001	54,246	54,246	46,176	46,176
Hofstra University School of Law	47,660	49,780	52,190	54,250	55,860
New York Law School	49,225	49,240	49,240	49,240	49,240
Syracuse University School of Law	45,690	46,050	46,064	47,178	48,552
Pace University School of Law	42,198	43,360	45,376	45,376	46,284
University at Buffalo School of Law – Resident	22,624	23,986	26,096	26,997	27,979
University at Buffalo School of Law – Non Resident	37,114	40,056	43,986	45,007	45,249

Source: American Bar Association ("ABA") annual full-time tuition survey of ABA-approved law schools.

†- Full-time students.

The table below presents total J.D. enrollment statistics for the Institution and its competitors for the past five completed academic years.

TABLE A-13: TOTAL J.D. ENROLLMENT (ACADEMIC YEARS)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Albany Law School	608	585	466	403	380
Brooklyn Law School	1,260	1,117	1,119	1,154	1,098
Hofstra University School of Law	979	849	793	698	719
New York Law School	1,503	1,179	968	893	869
Syracuse University School of Law	665	609	540	508	539
Pace University School of Law	680	557	507	528	533
University at Buffalo School of Law	650	610	562	499	456

Source: ABA annual candidate enrollment survey of ABA-approved law schools.

Tuition and Fees

For the 2016-17 fiscal year, full-time tuition at the Institution was \$44,546 and total fees were \$150. Tuition accounts for approximately 73% of the Institution's operating income. Tuition and fees for the entering class for the last four years, plus the approved tuition and fees for the entering class for the 2017-18 academic year are shown in the following table.

TABLE A-14: TUITION AND FEES					
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Tuition	\$43,248	\$43,248	\$43,248	\$44,546	\$45,882
Comprehensive Fee	<u>275</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>190</u>
Total	\$43,523	\$43,398	\$43,398	\$44,696	\$46,072

In the 2016-17 fiscal year, the Institution used a tiered tuition structure by class. As a result of this tiered structure, second and third year students were charged less than first year students. In the 2017-18 fiscal year, the Institution will revert back to consistent across the board increases for all classes. The 2016-17 and 2017-18 tuition rates in the chart above reflect the tuition rates for the incoming class.

Student Financial Aid

The Institution administers a student aid program through which approximately 90% of the student body receives merit and/or need based aid in the form of scholarships, fellowships, grants, loans or campus employment. In fiscal year 2015-16, the Institution provided approximately \$7,400,000 in aid to students. A summary of the funds provided for scholarships for the past four fiscal years and estimated 2016-17 amounts through May, 2017 appear in the following table.

TABLE A-15: SOURCES OF SCHOLARSHIP AND GRANT AID					
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Institution	\$4,614,424	\$7,670,842	\$7,302,761	\$7,347,085	\$7,613,675
External Source	<u>82,095</u>	<u>66,015</u>	<u>108,440</u>	<u>51,658</u>	<u>55,622</u>
Total	\$4,696,519	\$7,736,857	\$7,411,201	\$7,398,743	\$7,669,297

In addition to scholarship and grant aid, students financed their educational costs with loans and jobs. Students earned approximately \$136,000 for the nine months ending March 31, 2017 from Institution sponsored employment opportunities. In 2015-16, students borrowed approximately \$12,000,000 under the Stafford, Perkins and private loan programs.

Financial Operations of the Institution

The Financial Statement summaries below compare the 2011-12 through 2015-16 results according to audit reports. Certain balances have been reclassified for comparison purposes.

TABLE A-16: STATEMENT OF FINANCIAL POSITION

Fiscal years Ended June 30, 2012 through June 30, 2016

	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16
ASSETS					
Cash and cash equivalents	\$6,889,677	\$4,880,719	\$5,410,109	\$6,268,986	\$4,318,969
Accounts receivable, net	573,916	474,961	374,093	557,994	750,835
Pledges receivable, net	77,362	46,803	69,206	24,625	881,220
Other assets	792,889	696,265	699,956	749,040	761,400
Investments held with trustees	2,345,086	2,353,611	2,361,711	2,374,092	2,390,998
Student loans receivable, net	2,768,300	2,401,512	2,735,201	2,820,193	3,233,851
Investments, at fair market value	50,609,465	60,050,091	67,655,064	64,435,411	62,268,753
Beneficial interest in trusts	3,045,852	3,248,187	3,599,695	3,530,097	3,483,109
Land, property and equipment, net	23,359,290	23,091,683	22,113,861	21,192,357	20,191,485
Total assets	\$90,461,837	\$97,243,832	\$105,018,896	\$101,952,795	\$98,280,620
LIABILITIES					
Accounts payable and accrued expenses	\$2,229,171	\$2,581,671	\$3,813,344	\$2,067,071	\$1,834,021
Deposits and deferred revenue	171,716	177,509	148,238	113,113	176,499
Accrued postretirement healthcare benefits	2,140,984	1,901,510	1,331,834	1,458,082	1,472,024
US Government student loan program advances	2,531,968	2,531,968	2,531,968	2,531,968	2,531,968
Bonds payable	17,062,436	16,526,342	15,970,247	15,394,152	14,793,057
Total liabilities	24,136,275	23,719,000	23,795,631	21,564,386	20,807,569
NET ASSETS					
Unrestricted	43,073,839	47,963,612	52,104,146	50,180,088	46,555,800
Temporarily restricted	4,137,779	6,086,612	9,121,685	10,056,891	10,758,433
Permanently restricted	19,113,944	19,474,608	19,997,434	20,151,430	20,158,818
Total net assets	\$66,325,562	\$73,524,832	\$81,223,265	\$80,388,409	77,473,051
Total liabilities and net assets	\$90,461,837	\$97,243,832	\$105,018,896	\$101,952,795	\$98,280,620

TABLE A-17: STATEMENT OF ACTIVITIES					
Fiscal Years Ended June 30, 2012 through June 30, 2016					
	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16
Operating activities:					
Revenues and support:					
Student tuition and fees	\$28,669,347	\$25,851,200	\$25,177,266	\$19,774,580	\$17,427,875
Less institutional aid	(5,460,713)	(4,614,424)	(7,670,842)	(7,302,761)	(7,347,085)
Net student tuition and fees	23,208,634	21,236,776	17,506,424	12,471,819	10,080,790
Contributions	1,906,689	1,611,524	993,166	837,401	1,912,572
Grants and contracts	1,882,115	1,385,297	1,143,616	1,157,373	1,425,054
Government appropriations	47,993	45,167	37,567	38,333	34,852
Auxiliary enterprises	32,537	36,757	34,460	29,394	23,783
Return on investments designated for operations	727,603	821,124	1,325,496	1,873,141	2,905,622
Income on student loans	133,126	127,076	110,443	104,676	109,950
Other revenues	294,667	266,297	289,750	206,696	196,854
Total operating revenues and support	28,233,364	25,530,018	21,440,922	16,718,833	16,689,477
Program expenses:					
Education	13,488,435	13,319,543	12,694,036	9,579,070	8,805,510
Library	4,253,154	3,712,122	2,873,589	2,789,495	2,585,130
Student services	2,406,527	2,192,452	2,101,264	2,146,797	2,176,370
Auxiliary enterprises	289,791	173,992	215,150	231,333	224,215
Institutional support	3,694,989	3,337,330	2,931,133	3,209,613	2,916,442
Institutional advancement	1,697,038	1,399,392	1,469,673	1,317,161	1,300,893
Total program expenses	25,829,934	24,134,831	22,284,845	19,273,469	18,008,560
Change in assets from operating activities	2,403,430	1,395,187	(843,923)	(2,554,636)	(1,319,083)
Non-operating activities:					
Return on investments in excess of amounts designated for operations	711,838	5,017,117	7,190,365	1,712,904	(1,620,223)
Change in value of beneficial interest in trusts	14,404	250,037	366,824	(54,127)	(77,915)
Endowment gifts	288,470	153,835	282,747	141,665	75,476
Postretirement-related changes other than net periodic cost	(1,396,114)	383,094	702,420	(80,662)	26,387
Change in net assets from non-operating activities	(381,402)	5,804,083	8,542,356	1,719,780	(1,596,275)
Increase in net assets	2,022,028	7,199,270	7,698,433	(834,856)	(2,915,358)
Net assets, beginning of year	64,303,534	66,325,562	73,524,832	81,223,265	80,388,409
Net assets, end of year	\$66,325,562	\$73,524,832	\$81,223,265	\$80,388,409	\$77,473,051

Management Discussion of Financial Results

The Institution's financial results reflect the challenging enrollment environment the Institution has operated in over the past few years. Despite these challenges, the Institution has maintained a strong financial position with \$98.3 million in total assets, \$20.8 million in liabilities and \$77.5 million in net assets reported at June 30, 2016. 60.1% of the net assets are unrestricted; 13.9% are temporarily restricted and 26.0% are permanently restricted. Net assets decreased by \$2.9 million in fiscal year 2016, primarily due to losses from operations and unrealized investment losses. The Institution reduced program expenses by \$1.3 million or 6.6% in fiscal year 2015-16 to help offset the decrease in net student tuition and fees. The Institution did experience increases in contributions and grant income in fiscal year 2015-16. Financial performance of the Institution during the current fiscal year, which ends on June 30, 2017 has been comparable with past years and is consistent with the operating budget for the current fiscal year. Management does not expect any significant changes in the final quarter of the 2017 fiscal year.

Budget

The Vice President for Finance and Business, working with the Dean is responsible for preparing the annual budget. The process commences by examining trends (demographic information) and assessing needs, in particular strategic planning needs, for future years. During this preliminary stage, senior administrators are asked to identify any areas within their units that will require additional or one-time monies, such as strategic initiative resources for the upcoming year. These preliminary discussions with the various constituencies and their feedback assist with the tuition setting process for the upcoming academic year. The Vice President and Dean present any proposed tuition increase to the Board of Trustees' Finance Committee and Board of Trustees for approval in February. Once the tuition is approved, senior administrators are asked to prepare and submit their detailed budgets for review and approval. Meetings with senior administrators take place with the Vice President/Dean to discuss both needs and requests in detail. The Dean and Vice President prepare a proposed budget, along with a five year projection, which is presented to the Board Finance Committee. The Finance Committee then reports to the Board and makes a recommendation to approve the budget by the Board.

Net Assets

Unrestricted net assets of approximately \$47 million as of June 30, 2016 consisted of: \$6 million for undesignated purposes; \$5 million for designated purposes; \$8 million invested in plant facilities; \$28 million of endowment assets and funds functioning as endowments.

Temporarily restricted net assets are subject to donor-imposed restrictions that must be fulfilled by actions of the Institution pursuant to those restrictions or that expire with the passage time. Temporarily restricted net assets are restricted for academic scholarships to students and other programs of the Institution.

Permanently restricted net assets are subject to donor-imposed restrictions that must be maintained permanently by the Institution. The donors of these assets permit the Institution to use all or part of the income earned on related investments for general or specific purposes. Permanently restricted net assets include endowment funds received by the Institution for the establishment of scholarships and other programs.

Endowment

The Institution's endowment funds are governed by Board of Trustees approved guidelines. The Finance Committee of the Board of Trustees is charged with monitoring compliance with these guidelines

and reviewing investment performance. The Institution has hired the investment advisory firm of Hugh Johnson Advisors† to oversee and execute the selection, monitoring and evaluation of the investment programs and investment managers. As of March 31, 2017, the funds are allocated as follows: cash 2%, fixed income 31%, equities 59% and international funds 8%. The international funds are invested in an MSCI-EAFE Index of developed countries. The Institution’s endowment funds are professionally managed by Cooke & Bieler and Eagle Asset Management. The recent and current asset allocation formula have resulted in substantial growth in the Institution’s endowment funds and trusts, which exceed \$61,400,000 at market value as of March 31, 2017. As of March 31, 2017, the Institution’s \$61.4 million of cash and investments could be liquidated within one month.

†- Daniel P. Nolan, Esq., Chairman of the Institution’s Board of Trustees, also serves as President and Chief Executive Officer of Hugh Johnson Advisors

TABLE A-18: CASH AND INVESTMENTS (in millions of dollars)					
	2011-12	2012-13	2013-14	2014-15	2015-16
Common Stock	\$27.7	\$33.1	\$40.4	\$44.1	\$37.3
Fixed Income	22.9	26.9	27.3	20.3	25.0
Total Investments	50.6	60.0	67.7	64.4	62.3
Cash and Equivalents	6.9	4.9	5.4	6.3	4.3
Total Cash and Investments	\$57.5	\$64.9	\$73.1	\$70.7	\$66.6

Spending Policy

The Institution has an endowment funds “total return” investment spending policy, which is applied to substantially all of the Institution’s endowment. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment return (yield and appreciation) used annually to support operations is equivalent to 7% of the weighted average of these investments over the prior three years. Included in the 2016-17 budget is approximately \$3,200,000 which represents the spending policy amount for the current year.

Outstanding Indebtedness of the Institution

The Institution currently has the following outstanding indebtedness as of June 30, 2016:

TABLE A-19: OUTSTANDING INDEBTEDNESS	
	Principal Balance
City of Albany Industrial Development Agency \$19,065,000 Tax-Exempt Civic Facility Revenue Bonds (Albany Law School of Union University Project), Series 2007A	\$14,875,000
Total	\$14,875,000†

†- To be refunded with the proceeds of the Series 2017 Bonds

Annual Giving Programs

The Albany Law School of Union University Fund (the “Albany Law School Fund”), the Institution’s annual giving program, raises funds to offset annual operational expenses. As of February 1, 2017 the 2016-17 Albany Law School Fund, already has received commitments totaling \$827,000. Longer-range initiatives such as scholarships, fellowships, professorships, and buildings and renovation projects are underwritten with capital proceeds. The Albany Law School Fund has received cash and

commitments for the last five years is as follows: 2012 - \$1,052,000; 2013 - \$1,029,000; 2014 - \$1,006,000; 2015 – \$855,000; and 2016 - \$1,292,000.

The Institution has hired a campaign consultant to engage in a capital campaign feasibility study. The previous five-year campaign ended in fiscal year 2004 and raised in excess of \$25 million.

Future Capital Expenditure Needs

As part of its ongoing planning and property management functions, the Institution reviews the use, compatibility and financial viability of its operations and facilities, and from time to time, may pursue acquisitions, dispositions and changes in the use of its facilities. Aside from ongoing maintenance and repairs, the Borrower has no significant capital improvement plans or long term borrowing in the near future.

Insurance

The Institution maintains insurance coverage in such amounts and covering such risks as is maintained by organizations engaged in similar activities. All insurance is maintained with reputable insurance companies permitted to do business in the State of New York.

Retirement Plan

The Institution participates in the Teachers Insurance and Annuity Association and the Variable Annuity Life Insurance Company's funds for its retirement plan. The plan is a defined contribution plan, which cover all full-time employees. Participants can make additional contributions on a tax-deferred basis in accordance with 403(b) of the Internal Revenue Code.

Litigation

There is no litigation pending or known claims likely to be asserted against the Institution which would have a material adverse effect on its financial position.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION FOR THE YEARS
ENDED JUNE 30, 2016 AND 2015

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Financial Statements Together with
Report of Independent Certified Public Accountants

ALBANY LAW SCHOOL OF UNION UNIVERSITY

For the years ended June 30, 2016 and 2015

ALBANY LAW SCHOOL OF UNION UNIVERSITY

TABLE OF CONTENTS

	Page(s)
Report of Independent Certified Public Accountants	1 - 2
Financial Statements:	
Statements of Financial Position as of June 30, 2016 and 2015	3
Statements of Activities for the years ended June 30, 2016 and 2015	4
Statements of Cash Flows for the years ended June 30, 2016 and 2015	5
Notes to Financial Statements	6 - 20



Grant Thornton LLP
757 Third Avenue, 9th Floor
New York, NY 10017
T 212.599.0100
F 212.370.4520
GrantThornton.com
[linkd.in/GrantThorntonUS](https://www.linkedin.com/company/grantthorntonus)
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Albany Law School of Union University:

We have audited the accompanying financial statements of Albany Law School of Union University (the “School”) 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 accounting principles generally accepted in the United States of America; 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.

Auditor’s 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 auditor’s 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 auditor considers internal control relevant to the School’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 School’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 Albany Law School of Union University as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York

October 20, 2016

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Statements of Financial Position
As of June 30, 2016 and 2015

ASSETS	2016	2015
Cash and cash equivalents	\$ 4,318,969	\$ 6,268,986
Accounts receivable, net	750,835	557,994
Contributions receivable, net (Note 3)	881,220	24,625
Other assets	761,400	749,040
Investments held with trustee (Note 10)	2,390,998	2,374,092
Student loans receivable, net (Note 4)	3,233,851	2,820,193
Investments, at fair value (Note 5)	62,268,753	64,435,411
Beneficial interest in trusts (Note 7)	3,483,109	3,530,097
Land, buildings and equipment, net (Note 8)	<u>20,191,485</u>	<u>21,192,357</u>
Total assets	<u>\$ 98,280,620</u>	<u>\$ 101,952,795</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses (Note 7 and Note 10)	\$ 1,834,021	\$ 2,067,071
Deposits and deferred revenue	176,499	113,113
Accrued postretirement healthcare benefits (Note 12)	1,472,024	1,458,082
U.S. Government student loan program advances (Note 4)	2,531,968	2,531,968
Bonds payable (Note 10)	<u>14,793,057</u>	<u>15,394,152</u>
Total liabilities	<u>20,807,569</u>	<u>21,564,386</u>
Commitments and contingencies (Note 13)		
 NET ASSETS (Notes 6 and 9)		
Unrestricted	46,555,800	50,180,088
Temporarily restricted	10,758,433	10,056,891
Permanently restricted	<u>20,158,818</u>	<u>20,151,430</u>
Total net assets	<u>77,473,051</u>	<u>80,388,409</u>
Total liabilities and net assets	<u>\$ 98,280,620</u>	<u>\$ 101,952,795</u>

The accompanying notes are an integral part of these statements.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Statements of Activities
For the years ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES								
Revenues and support:								
Student tuition and fees	\$ 17,427,875	\$ -	\$ -	\$ 17,427,875	\$ 19,774,580	\$ -	\$ -	\$ 19,774,580
Less: institutional aid	(7,347,085)	-	-	(7,347,085)	(7,302,761)	-	-	(7,302,761)
Net student tuition and fees	<u>10,080,790</u>	<u>-</u>	<u>-</u>	<u>10,080,790</u>	<u>12,471,819</u>	<u>-</u>	<u>-</u>	<u>12,471,819</u>
Contributions	971,327	941,245	-	1,912,572	815,107	22,294	-	837,401
Grants and contracts	1,425,054	-	-	1,425,054	1,157,373	-	-	1,157,373
Government appropriations	34,852	-	-	34,852	38,333	-	-	38,333
Auxiliary enterprises	23,783	-	-	23,783	29,394	-	-	29,394
Return on investments designated for operations (Note 5)	2,905,622	-	-	2,905,622	1,873,141	-	-	1,873,141
Interest on student loans	109,950	-	-	109,950	104,676	-	-	104,676
Other revenues	196,854	-	-	196,854	206,696	-	-	206,696
Net assets released from restrictions, operating	27,503	(27,503)	-	-	94,465	(94,465)	-	-
Total operating revenues and support	<u>15,775,735</u>	<u>913,742</u>	<u>-</u>	<u>16,689,477</u>	<u>16,791,004</u>	<u>(72,171)</u>	<u>-</u>	<u>16,718,833</u>
Program expenses:								
Instruction	8,805,510	-	-	8,805,510	9,579,070	-	-	9,579,070
Library	2,585,130	-	-	2,585,130	2,789,495	-	-	2,789,495
Student services	2,176,370	-	-	2,176,370	2,146,797	-	-	2,146,797
Auxiliary enterprises	224,215	-	-	224,215	231,333	-	-	231,333
Institutional support	2,916,442	-	-	2,916,442	3,209,613	-	-	3,209,613
Institutional advancement	1,300,893	-	-	1,300,893	1,317,161	-	-	1,317,161
Total program expenses	<u>18,008,560</u>	<u>-</u>	<u>-</u>	<u>18,008,560</u>	<u>19,273,469</u>	<u>-</u>	<u>-</u>	<u>19,273,469</u>
Change in net assets from operating activities	<u>(2,232,825)</u>	<u>913,742</u>	<u>-</u>	<u>(1,319,083)</u>	<u>(2,482,465)</u>	<u>(72,171)</u>	<u>-</u>	<u>(2,554,636)</u>
NON-OPERATING ACTIVITIES								
(Loss) return on investments in excess of amounts designated for operations (Notes 5 and 6)	(1,417,850)	(214,417)	12,044	(1,620,223)	674,069	1,031,223	7,612	1,712,904
Change in value of beneficial interest in trusts	-	2,217	(80,132)	(77,915)	-	(23,846)	(30,281)	(54,127)
Endowment gifts	-	-	75,476	75,476	-	-	141,665	141,665
Reclassification of net assets (Note 6)	-	-	-	-	(2,475,947)	2,440,947	35,000	-
Postretirement-related changes other than net periodic cost (Note 12)	26,387	-	-	26,387	(80,662)	-	-	(80,662)
Change in net assets from non-operating activities	<u>(1,391,463)</u>	<u>(212,200)</u>	<u>7,388</u>	<u>(1,596,275)</u>	<u>(1,882,540)</u>	<u>3,448,324</u>	<u>153,996</u>	<u>1,719,780</u>
Change in net assets	<u>(3,624,288)</u>	<u>701,542</u>	<u>7,388</u>	<u>(2,915,358)</u>	<u>(4,365,005)</u>	<u>3,376,153</u>	<u>153,996</u>	<u>(834,856)</u>
Net assets, beginning of year	50,180,088	10,056,891	20,151,430	80,388,409	54,545,093	6,680,738	19,997,434	81,223,265
Net assets, end of year	<u>\$ 46,555,800</u>	<u>\$ 10,758,433</u>	<u>\$ 20,158,818</u>	<u>\$ 77,473,051</u>	<u>\$ 50,180,088</u>	<u>\$ 10,056,891</u>	<u>\$ 20,151,430</u>	<u>\$ 80,388,409</u>

The accompanying notes are an integral part of these statements.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Statements of Cash Flows
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,915,358)	\$ (834,856)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,465,226	1,492,484
Amortization of bond costs and discounts	21,971	21,971
Bad debt expense (recoveries)	(2,125)	(12,532)
Realized gains on sale of investments	(2,057,629)	(2,183,052)
Unrealized depreciation (appreciation) in fair value of investments	2,286,712	(31,671)
Change in value of beneficial interest in trusts	77,915	54,127
Present value discount	5,280	-
Permanently restricted contributions	(75,476)	(141,665)
Changes in assets and liabilities:		
Increase in accounts receivable	(189,841)	(183,901)
(Increase) decrease in contributions receivable	(862,750)	57,118
Increase in other assets	(30,426)	(67,150)
Decrease in accounts payable and accrued expenses	(233,050)	(1,746,278)
Increase (decrease) in deposits and deferred revenue	63,386	(35,125)
Increase in accrued postretirement healthcare benefits	13,942	126,248
Net cash used in operating activities	<u>(2,432,223)</u>	<u>(3,484,282)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(32,377,703)	(42,518,073)
Proceeds from sales and maturities of investments	34,298,372	47,940,067
Student loan disbursements	(953,046)	(830,934)
Student loan collections	630,932	729,340
Change in student loan provision for losses and cancellations	(91,544)	16,602
Capital expenditures	(464,354)	(570,980)
Net cash provided by investing activities	<u>1,042,657</u>	<u>4,766,022</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions	75,476	141,665
Beneficial interest in trusts	(30,927)	15,472
Payments on debt obligations	(605,000)	(580,000)
Net cash used in financing activities	<u>(560,451)</u>	<u>(422,863)</u>
Net (decrease) increase in cash and cash equivalents	(1,950,017)	858,877
Cash and cash equivalents, beginning of year	<u>6,268,986</u>	<u>5,410,109</u>
Cash and cash equivalents, end of year	<u>\$ 4,318,969</u>	<u>\$ 6,268,986</u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ 740,575</u>	<u>\$ 779,731</u>
Asset retirement obligation included in land, property and equipment and accounts payable and accrued expenses	<u>\$ 62,782</u>	<u>\$ 59,117</u>

The accompanying notes are an integral part of these statements.

ALBANY LAW SCHOOL OF UNION UNIVERSITY

Notes to Financial Statements

June 30, 2016 and 2015

1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES

Albany Law School of Union University (the “School”), founded in 1851, is part of Union University (the “University”), which also includes Union College, Albany Medical College, Albany College of Pharmacy and Health Sciences and Dudley Observatory. The University is directed by a Board of Governors, consisting of the permanent trustees of Union College and members of the Board of Trustees of each of the other institutions within the University. The School, while part of the University, has its own governing board, which is responsible for its academic programs and fiscal operations. The School is fully accredited by the American Bar Association and is a member of the Association of American Law Schools.

The School is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) using the accrual basis of accounting. Accordingly, the School’s resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that must be fulfilled by actions of the School pursuant to those restrictions or that expire with the passage of time. Temporarily restricted net assets are restricted for academic scholarships to students and other programs of the School.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that must be maintained permanently by the School. The donors of these assets permit the School to use all or part of the income earned on related investments for general or specific purposes. Permanently restricted net assets include endowment funds received by the School whereby the income is to be used for scholarships and other programs.

The accompanying statements of activities report changes in net assets by operating and nonoperating activities. Nonoperating activities include the change in the value of beneficial interests in trusts, returns on investments not designated for operations, capital gifts, postretirement related changes other than net periodic costs and other items considered to be more of an unusual or of a non-recurring nature.

Cash and Cash Equivalents

The School considers all highly liquid securities with original maturities of three months or less on the date of acquisition to be cash equivalents.

Accounts Receivable, net

Accounts receivable include grants and contracts, and tuition and fees due from students and are reported at their estimated realizable value, net of an allowance for estimated uncollectible accounts of \$24,000 and

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

\$21,000 as of June 30, 2016 and 2015, respectively. This allowance is provided based upon management's judgment, including such factors as prior collection history and student status. Receivables are written off in the period in which they are deemed to be uncollectible and payments subsequently received are recorded as income in the period received.

Investments

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

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

Land, Buildings and Equipment, net

Land, buildings and equipment are stated at cost or, in the case of gifts, fair value as of the date of donation, less accumulated depreciation. The School capitalizes property and equipment provided their cost is \$600 or more and their useful life is more than 1 year. Depreciation of buildings and equipment is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and improvements	20 to 40 years
Furniture and equipment	5 to 10 years

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate credit-adjusted discount rate, and amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. The carrying value of contributions receivable has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience, and therefore, approximates net realizable value. Receivables are written off in the period in which they are deemed to be uncollectible and payments subsequently received are recorded as income in the period received. Contributions of assets, other than cash, are recorded at their estimated fair value as determined on the date of receipt.

The School reports contributions of cash and other assets as temporarily restricted contributions if they are received with donor restrictions that limit the use of the donated assets, and/or the stipulations will not be met until a future reporting period. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. For donor contributions where restrictions are met in the same fiscal year as the receipts, the contributions are reported as unrestricted contributions.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

In-Kind Contributions

The School recognizes goods and services received free of charge at their fair value on the date received if they meet the criteria for recognition under US GAAP. For the years ended June 30, 2016 and 2015, the School received contributed goods valued at \$13,035 and \$9,976, respectively.

The School also benefits from volunteer time provided; however, such services do not meet the criteria for recognition under US GAAP, and as such are not reflected in the accompanying financial statements.

Grants and Contracts

Revenue from grants and contracts is recognized to the extent that qualifying reimbursable expenses have been incurred. Amounts received in advance are recorded as deferred revenue.

Tuition Revenue

The School derives its revenue primarily from student tuition and fees, which relate to student activities. Such revenues are recognized in the academic semester to which they relate. The School apportions revenues associated to academic semesters that span fiscal years and recognizes such amounts in the fiscal year to which they pertain. Accordingly, amounts received in advance are recorded as deferred revenues until earned.

Use of Estimates

The preparation of financial statements in conformity with US 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market, and credit. To minimize such risks, the School has a diversified investment portfolio managed by independent investment managers in a variety of asset classes. The School regularly evaluates its investment policies and investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. The School maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The School's cash accounts were placed with high credit quality financial institutions and, accordingly, the School does not expect nonperformance.

Fair Value Measurements

The School follows guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

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

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, other assets, accounts payable and accrued expenses, and deposits and deferred revenue reported in the accompanying statements of financial position approximate fair value due to the short maturity of these financial instruments. The carrying value of receivables is based on historical collection experience and is believed to approximate net realizable value. The carrying amount of long term debt reported in the accompanying statements of financial position approximates fair value based upon similar instruments available to the School.

Income Taxes

The School recognizes the tax effects from an uncertain tax position in the financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. Management believes that there are no uncertain tax positions within its financial statements. Additionally, the School has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

The School is exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the School may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The tax years ended June 30, 2013, 2014, 2015, and 2016 are still open to audit for both federal and state purposes.

3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, includes obligations from various corporations, foundations and individuals. At June 30, 2016 and 2015, contributions receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
Contributions due:		
In less than one year	\$ 347,625	\$ 77,375
In one to five years	<u>592,500</u>	<u>-</u>
Gross contributions receivable	940,125	77,375
Discount to present value	(5,280)	-
Provision for uncollectible contributions	<u>(53,625)</u>	<u>(52,750)</u>
Total contributions receivable, net	<u>\$ 881,220</u>	<u>\$ 24,625</u>

Contributions, net of an allowance for uncollectible amounts, are recorded at net present value, determined using discount rates ranging between 0.3% and 0.5%.

4. STUDENT LOANS RECEIVABLE, NET

The School makes uncollateralized loans to students based on financial need under the Perkins federal loan program and the Trustee loan program. Student loans are funded through federal loan programs or institutional resources. At June 30, 2016 and 2015, student loans represented approximately 3% of total assets and consisted of the following:

	<u>2016</u>	<u>2015</u>
Federal Perkins loans	\$ 3,720,829	\$ 3,414,439
Provision for uncollectible federal Perkins loans	(498,000)	(608,000)
Other loans	102,422	101,154
Provision for uncollectible other loans	<u>(91,400)</u>	<u>(87,400)</u>
Total student loans receivable, net	<u>\$ 3,233,851</u>	<u>\$ 2,820,193</u>

Of these amounts, as of June 30, 2016 and 2015, \$1,939,832 and \$1,586,890, respectively, were not in repayment status.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

At June 30, 2016 and 2015, the following amounts were past due under the student loan programs.

	<u>2016</u>	<u>2015</u>
Past due, not in default < 240 days (monthly installments) or < 270 days (other installments)	\$ 142,189	\$ 164,054
In default > 240 days (monthly installments) or > 270 days (other installments) up to 2 years	44,619	33,615
In default > 2 years up to 5 years	53,054	86,188
In default > 5 years	<u>394,875</u>	<u>413,810</u>
Total past due	<u>\$ 634,737</u>	<u>\$ 697,667</u>

Funds provided by the U.S. Government under the federal Perkins loan program are loaned to qualified students and may be reloaned after collection. Such funds, net of the School's contributions, are refundable to the federal government in the event the loan program is terminated and, as such, are reflected as a liability in the accompanying statements of financial position.

5. INVESTMENTS

At June 30, 2016 and 2015, investments were comprised of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Common stocks	\$ 37,332,990	\$ 28,898,315	\$ 44,116,252	\$ 32,965,126
Fixed income	<u>24,935,763</u>	<u>24,486,584</u>	<u>20,319,159</u>	<u>20,299,719</u>
Total investments	<u>\$ 62,268,753</u>	<u>\$ 53,384,899</u>	<u>\$ 64,435,411</u>	<u>\$ 53,264,845</u>

The following schedules summarize the investment return and its classification in the accompanying statements of activities for the years ended June 30, 2016 and 2015:

2016	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income	\$ 799,845	\$ 702,593	\$ 12,044	\$ 1,514,482
Net realized gains	1,836,735	220,894	-	2,057,629
Net unrealized depreciation	<u>(1,148,808)</u>	<u>(1,137,904)</u>	-	<u>(2,286,712)</u>
Total investment return	<u>\$ 1,487,772</u>	<u>\$ (214,417)</u>	<u>\$ 12,044</u>	<u>\$ 1,285,399</u>
Return on investments designated for operations	\$ 2,905,622	\$ -	\$ -	\$ 2,905,622
(Loss) return on investments in excess of amounts designated for operations	<u>(1,417,850)</u>	<u>(214,417)</u>	<u>12,044</u>	<u>(1,620,223)</u>
Total investment return	<u>\$ 1,487,772</u>	<u>\$ (214,417)</u>	<u>\$ 12,044</u>	<u>\$ 1,285,399</u>

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	\$ 765,769	\$ 597,941	\$ 7,612	\$ 1,371,322
Net realized gains	1,704,604	478,448	-	2,183,052
Net unrealized appreciation (depreciation)	76,837	(45,166)	-	31,671
Total investment return	<u>\$ 2,547,210</u>	<u>\$ 1,031,223</u>	<u>\$ 7,612</u>	<u>\$ 3,586,045</u>
Return on investments designated for operations	\$ 1,873,141	\$ -	\$ -	\$ 1,873,141
Return on investments in excess of amounts designated for operations	674,069	1,031,223	7,612	1,712,904
Total investment return	<u>\$ 2,547,210</u>	<u>\$ 1,031,223</u>	<u>\$ 7,612</u>	<u>\$ 3,586,045</u>

At June 30, 2016 and 2015, the School's investments were all classified as Level 1 within the fair value hierarchy of the standard and are based on quoted prices available in active markets for identical investments as of the measurement date.

6. ENDOWMENTS

The School's endowment consists of approximately 150 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the School's Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments (quasi-endowments), are classified and reported based on the existence or absence of donor-imposed restrictions. The School has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the School's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment, exclusive of gift additions. The School's primary investment objective is to maximize total return within reasonable and prudent levels of risk, while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy, the objective of which is to achieve a return consisting of a combination of current income and capital appreciation, without regard to an emphasis on either, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The endowment portfolio is diversified among various net asset classes and strategies to help reduce risk.

In September 2010, the State of New York passed the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). NYPMIFA applies to donor-restricted endowments and, among other things, updates requirements governing investment conduct, expenditure of funds, delegation of the management of investments, and release or modification of restrictions. A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

Interpretation of Relevant Law

The School's Board of Trustees has interpreted NYPMIFA as requiring the School, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking into account both its obligations to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. The School classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment required by the applicable donor gift instrument. The remaining portion of donor-restricted endowment funds that is not classified as permanently restricted is classified as temporarily restricted net assets until such amounts are appropriated for expenditure by the School's Board of Trustees in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

The following tables illustrate the composition of the School's endowment fund as of June 30, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Donor-restricted endowment funds	\$ -	\$ 9,046,776	\$ 17,912,806	\$ 26,959,582
Board-designated endowment funds	27,845,808	-	-	27,845,808
Total funds	<u>\$ 27,845,808</u>	<u>\$ 9,046,776</u>	<u>\$ 17,912,806</u>	<u>\$ 54,805,390</u>
2015				
Donor-restricted endowment funds	\$ -	\$ 9,261,193	\$ 17,825,286	\$ 27,086,479
Board-designated endowment funds	26,277,358	-	-	26,277,358
Total funds	<u>\$ 26,277,358</u>	<u>\$ 9,261,193</u>	<u>\$ 17,825,286</u>	<u>\$ 53,363,837</u>

The following tables illustrate the changes in the School's endowment fund as of June 30, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Endowment net assets, beginning of year	\$ 26,277,358	\$ 9,261,193	\$ 17,825,286	\$ 53,363,837
Investment return, net	(1,783,812)	(214,417)	12,044	(1,986,185)
Contributions	-	-	75,476	75,476
Transfers	3,352,262	-	-	3,352,262
Total change in endowment	<u>1,568,450</u>	<u>(214,417)</u>	<u>87,520</u>	<u>1,441,553</u>
Endowment net assets, end of year	<u>\$ 27,845,808</u>	<u>\$ 9,046,776</u>	<u>\$ 17,912,806</u>	<u>\$ 54,805,390</u>

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 28,617,410	\$ 5,789,023	\$ 17,641,009	\$ 52,047,442
Investment return, net	97,595	1,031,223	7,612	1,136,430
Contributions	-	-	141,665	141,665
Transfers	3,300	-	-	3,300
Reclassification of net assets	<u>(2,440,947)</u>	<u>2,440,947</u>	<u>35,000</u>	<u>35,000</u>
Total change in endowment	<u>(2,340,052)</u>	<u>3,472,170</u>	<u>184,277</u>	<u>1,316,395</u>
Endowment net assets, end of year	<u>\$ 26,277,358</u>	<u>\$ 9,261,193</u>	<u>\$ 17,825,286</u>	<u>\$ 53,363,837</u>

While the School segregates and spends all donor restricted funds in accordance with donor intent, following a review during fiscal 2015 of the School's net asset funds classified as temporarily restricted, the School determined that \$2,440,947 recorded as unrestricted net assets during fiscal 2014 required transfer to temporarily restricted net assets.

Endowment Investment Return Spending Policy

The School has an endowment fund "total return" investment spending policy, which is applied to substantially all of the School's endowment. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment return (yield and appreciation) used annually to support operations is equivalent to 7% and 5% of the weighted average of these investments over the prior three years for fiscal years ended June 30, 2016 and 2015, respectively. Investment returns equal to the annual spending rate are reflected as operating income and investment losses/returns in excess of the spending rate are reflected as non-operating income in the accompanying statements of activities.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the School to retain as a fund of perpetual duration. As of June 30, 2016 and 2015, aggregate shortfalls amounted to \$2,662 and \$0, respectively, and were funded from unrestricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred after the investments of new permanently restricted contributions were received.

7. BENEFICIAL INTEREST IN TRUSTS

The School has legally enforceable rights and claims to assets held under perpetual trusts and split-interest agreements created by donors. At June 30, 2016 and 2015, the School's interest in perpetual trusts is reflected at fair value in the accompanying statements of financial position and is classified as Level 3 within the fair value hierarchy. The split interest agreements are valued using discount rates ranging from 2.4% to 8.0% and applicable mortality tables. Change in value of the School's beneficial interest in these

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

trusts are reported as changes in the respective net asset class based on donor restrictions. At June 30, 2016 and 2015, the values of these investments were as follows:

	<u>2016</u>	<u>2015</u>
Perpetual trusts	\$ 2,245,189	\$ 2,323,426
Annuity trusts	990,807	1,011,864
Pooled income fund	153,797	151,796
Life insurance	93,316	43,011
Total beneficial interest in trusts	<u>\$ 3,483,109</u>	<u>\$ 3,530,097</u>

For the years ended June 30, 2016 and 2015, the trust values included cumulative unrealized gains of \$504,710 and \$602,780, respectively. At June 30, 2016 and 2015, liabilities in connection with these trusts amounted to \$460,315 and \$475,895, respectively, which are included within accounts payable and accrued expenses in the accompanying statements of financial position.

8. LAND, BUILDINGS AND EQUIPMENT, NET

At June 30, 2016 and 2015, land, buildings and equipment, net, was comprised of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 2,256,405	\$ 2,256,405
Buildings and improvements	35,264,032	35,020,152
Equipment and furniture	14,360,147	14,139,673
Total	51,880,584	51,416,230
Less: accumulated depreciation	<u>(31,689,099)</u>	<u>(30,223,873)</u>
Total land, buildings and equipment, net	<u>\$ 20,191,485</u>	<u>\$ 21,192,357</u>

For the years ended June 30, 2016 and 2015, depreciation expense amounted to \$1,465,226 and \$1,492,484, respectively.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

9. NET ASSETS

At June 30, 2016 and 2015, net assets were comprised of the following:

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated	\$ 5,727,666	\$ -	\$ -	\$ 5,727,666
Designated/restricted for specific purposes	3,729,780	934,875	-	4,664,655
Designated for student loans	1,517,099	-	-	1,517,099
Investment in plant facilities	7,735,447	-	-	7,735,447
Beneficial interest in trusts	-	776,782	2,246,012	3,022,794
Endowment assets and funds functioning as endowments	<u>27,845,808</u>	<u>9,046,776</u>	<u>17,912,806</u>	<u>54,805,390</u>
Total net assets	<u>\$ 46,555,800</u>	<u>\$ 10,758,433</u>	<u>\$ 20,158,818</u>	<u>\$ 77,473,051</u>
2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated	\$ 10,897,933	\$ -	\$ -	\$ 10,897,933
Designated/restricted for specific purposes	3,527,221	67,639	-	3,594,860
Designated for student loans	1,350,759	-	-	1,350,759
Investment in plant facilities	8,126,817	-	-	8,126,817
Beneficial interest in trusts	-	728,059	2,326,144	3,054,203
Endowment assets and funds functioning as endowments	<u>26,277,358</u>	<u>9,261,193</u>	<u>17,825,286</u>	<u>53,363,837</u>
Total net assets	<u>\$ 50,180,088</u>	<u>\$ 10,056,891</u>	<u>\$ 20,151,430</u>	<u>\$ 80,388,409</u>

10. BONDS PAYABLE

On June 25, 2007, the City of Albany Industrial Development Agency, on behalf of the School, issued \$19,065,000 in Series 2007A Civic Facility Revenue Bonds (“2007A Revenue Bonds”). Proceeds from the issue in the amount of \$3,851,806, together with an institutional payment of \$130,391, were used to reimburse the School for costs of the acquisition of approximately 4.12 acres of land and fund various issuance costs and reserve funds. An additional portion of the issue proceeds, \$15,096,040, together with reserve funds from the prior issues of \$2,238,343 has been deposited in irrevocable escrow accounts to legally defease the Series 1999 and Series 2000 Bonds. The escrow accounts have been invested in cash and United States Treasury obligations, which will provide for the future payments of all interest and principal on the defeased bonds. In order to meet these future obligations, the amount deposited in escrow was \$669,383 greater than the par value of the defeased debt. In addition, \$478,970 in net unamortized discount, premium and capitalized issuance costs related to the Series 1999 and Series 2000 Bonds was written off. Neither the assets of the escrow accounts nor the outstanding issues are included in the accompanying statements of financial position.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

The 2007A Revenue Bonds are comprised of Serial and Term Bonds, with varying rates and maturities, as follows:

<u>Type</u>	<u>Rate</u>	<u>Maturity</u>	<u>Amount Issued</u>
Serial Bonds	4.25% to 5.00%	2016	\$ 4,825,000
Term Bonds	5.00 %	2031	13,480,000
Term Bonds	5.00 %	2037	<u>760,000</u>
			<u>\$ 19,065,000</u>

Principal payments under the Serial Bonds began July 1, 2008. The Term Bonds require sinking fund installments, beginning in the year 2017 through the year 2037, of amounts ranging from \$110,000 to \$1,175,000, annually. Interest on the bonds is payable each January 1 and July 1. The Term Bonds are callable at the option of the School, in whole or in part, beginning 2017, at redemption prices of par, plus accrued interest.

At June 30, 2016, future principal payments on bonds payable consisted of the following:

Year ending June 30,	
2017	\$ 635,000
2018	665,000
2019	695,000
2020	730,000
2021	765,000
2022 and thereafter	<u>11,385,000</u>
	14,875,000
Less: discount	<u>(81,943)</u>
	<u>\$ 14,793,057</u>

Pursuant to the terms of the 2007A bond issue, the School is required to maintain debt service reserve funds. At June 30, 2016 and 2015, such debt service reserves amounted to \$2,390,998 and \$2,374,092, respectively, which are invested in government obligations such as Treasury Notes and Treasury Bills (Level 1), and are reflected as investments held with trustee in the accompanying statements of financial position.

11. PENSION PLANS

The School participates in the College Retirement Equities Fund (“CREF”), of the Teachers Insurance and Annuity Association (“TIAA”) and the Variable Annuity Life Insurance Company’s (“VALIC”) retirement plan. The plans are contributory defined contribution (money purchase) plans that cover all full-time employees. For the year ended June 30, 2016, the contribution was equal to 5% of eligible compensation for all plan participants. For the year ended June 30, 2015, the contribution was either 11% or 9% of eligible compensation, depending on the individual participants’ dates of hire. For the years ended June 30, 2016 and 2015, total retirement expense approximated \$394,000 and \$767,000, respectively.

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

12. POSTRETIREMENT HEALTHCARE BENEFITS

The School's policy is to pay certain postretirement healthcare insurance costs for certain retired employees and, under this policy, the School sponsors an unfunded defined benefit postretirement healthcare plan. The following table sets forth the plan's funding status and accrued liability at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Accumulated postretirement benefit obligation:		
Retirees	\$ 314,875	\$ 308,053
Others expected to receive benefits	336,372	394,878
Other actives	<u>820,777</u>	<u>755,151</u>
Accumulated postretirement benefit obligation	1,472,024	1,458,082
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	<u>456,729</u>	<u>430,342</u>
Accrued postretirement healthcare benefit cost	<u>\$ 1,928,753</u>	<u>\$ 1,888,424</u>
Change in accumulated postretirement benefit obligation:		
Balance as of July 1,	\$ 1,458,082	\$ 1,331,834
Changes due to:		
Service cost	20,768	22,143
Interest cost	54,276	53,495
Actuarial loss	113,508	83,809
Experience (gain)/loss	(112,108)	26,083
Benefits paid	<u>(62,502)</u>	<u>(59,282)</u>
Total change	<u>13,942</u>	<u>126,248</u>
Balance as of June 30,	<u>\$ 1,472,024</u>	<u>\$ 1,458,082</u>

The actuarial computation of the annual net periodic postretirement healthcare benefit cost includes the following components:

	<u>2016</u>	<u>2015</u>
Service cost-benefits attributed to service during the period	\$ 20,768	\$ 22,143
Interest cost on accumulated postretirement healthcare benefit obligation, plus service cost, less expected benefit payments	54,276	53,495
Amortization of prior service costs	71,324	71,324
Amortization of net gain	<u>(43,537)</u>	<u>(42,094)</u>
Net periodic postretirement healthcare benefit cost	<u>\$ 102,831</u>	<u>\$ 104,868</u>

For benefit obligation measurement purposes, annual rates of increase ranging from 5.4% (for those under 65 years of age) to 4.7% (for those over 65 years of age) in the per capita cost of covered healthcare benefits were assumed in 2016 with rates ranging from 4.4% (for those under 65 years of age) to 4.5% (for those over 65 years of age) in the year 2086 and beyond. For net period benefit cost measurement purposes, annual rates of increase ranging from 6.8% (for those under 65 years of age) to 6.0% (for those

ALBANY LAW SCHOOL OF UNION UNIVERSITY
Notes to Financial Statements
June 30, 2016 and 2015

over 65 years of age) in the per capita cost of covered healthcare benefits were assumed in 2016 with rates ranging from 4.4% (for those under 65 years of age) to 4.5% (for those over 65 years of age) in the year 2085 and beyond. In addition, a maximum monthly benefit of \$200 per person for Medicare supplemental insurance has been assumed for those over 65 years of age. The healthcare cost trend rate assumption has a significant effect on the amounts reported. Increasing the assumed healthcare cost trend rate by 1% in each year would increase the accumulated postretirement healthcare benefit obligation at June 30, 2016 and 2015 by \$31,589 and \$25,685, respectively, and increase the aggregate of the service and interest cost by \$2,100 and \$1,773, respectively. Decreasing the assumed healthcare cost trend rate by 1% in each year would decrease the accumulated postretirement healthcare benefit obligation at June 30, 2016 and 2015 by \$27,934 and \$26,510, respectively, and decrease the aggregate of the service and interest cost by \$1,819 and \$1,843, respectively.

The approximate benefits expected to be paid in the next ten years are as follows:

Fiscal year ending:	Net Benefit Payments
2017	\$ 72,920
2018	69,820
2019	76,388
2020	75,116
2021	78,843
2022 to 2026	392,721

13. COMMITMENTS AND CONTINGENCIES

The School is a party to leases and other contracts. At June 30, 2016, minimum payments under these leases and other contracts were as follows:

2017	\$ 1,215,476
2018	708,613
2019	683,920
2020	671,777
2021	196,340
Total	<u>\$ 3,476,126</u>

The School is a party to various litigations and other claims in the ordinary course of business. In the opinion of management, the School does not expect the ultimate resolution of these actions to have a material effect on the financial position, changes in net assets or cash flows of the School.

Amounts received and expended by the School under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a material effect on the financial position, changes in net assets or cash flows of the School.

In September of 2015, the School signed an Affiliation Agreement and Master Services Agreement (“MSA”) with the University at Albany, State University of New York (“UAlbany”). The Affiliation Agreement describes the understanding of the School and UAlbany regarding their intent to build upon existing collaborations between the School and UAlbany, leverage the academic, intellectual and

ALBANY LAW SCHOOL OF UNION UNIVERSITY

Notes to Financial Statements

June 30, 2016 and 2015

operational synergies in the areas of teaching, research, cost containment, revenue generation and community engagement, develop new pathways in legal education, and increase access for legal education in the capital district. The MSA, along with various Statements of Work, sets forth the specific terms and conditions of the collaborative activities that the School and UAlbany will undertake in furtherance of deepening the affiliation. The Affiliation Agreement and MSA was approved by the American Bar Association through the acquiescence of the American Bar Association's Council on Legal Education.

14. SUBSEQUENT EVENTS

The School evaluated its June 30, 2016 financial statements for subsequent events through October 20, 2016, the date the financial statements were issued. The School is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN 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 Equipment” means, in connection with any Additional Project, any additional materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of a related Series of Additional Bonds, or intended to be acquired with any payment which the Institution incurred in anticipation of the issuance of such Series of Additional Bonds and for which the Institution will be reimbursed from the proceeds of such Series of Additional Bonds, and such substitutions and replacements therefor and additions thereto as may be made from time to time pursuant to the Loan Agreement.

“Additional Facility” means, in connection with any Additional Project, any buildings, improvements, structures, and other related facilities (A) located on the Land or the Additional Land, (B) financed or refinanced with the proceeds of the sale of a Series of Additional Bonds or any payment made by the Institution pursuant to Section 3.5 of the Loan Agreement or any payment which the Institution incurred in anticipation of the issuance of such Series of Additional Bonds and for which the Institution will be reimbursed from the proceeds of such Series of Additional Bonds, and (C) not constituting a part of the Additional Equipment, all as they may exist from time to time.

“Additional Land” means, with respect to any Series of Additional Bonds, any real estate which will be the site of an Additional Project Facility intended to be financed with the proceeds of such Series of Additional Bonds.

“Additional Project” means the purposes for which any Series of Additional Bonds may be issued.

“Additional Project Facility” means any Additional Land, Additional Facility or Additional Equipment acquired by the Issuer in connection with the issuance of any 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.

“Arbitrage Certificate” means (A) with respect to the Initial Bonds, the Initial Arbitrage Certificate 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 in connection with the issuance and sale of such Series of Additional Bonds.

“Assignment of Negative Pledge Agreement” means the assignment of negative pledge agreement dated as of June 1, 2017 from the Issuer to the Trustee, pursuant to which the Issuer has assigned the Negative Pledge Agreement to the Trustee, as said assignment of negative pledge agreement may be amended or supplemented from time to time.

“Authorized Denominations” means: (A) with respect to the Initial Bonds, \$5,000 and any integral multiple of \$5,000 in excess thereof, except that, if as a result of a redemption, partially redeemed Initial Bonds cannot be issued in such denominations, such partially redeemed Initial 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, Forward Purchase Agreements and Put Agreements

acceptable to the Trustee; (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.

“Available Moneys” means any moneys on deposit with the Trustee for the benefit of the Bondholders which are (A) proceeds of the Bonds, or of any bonds issued for the purpose of refunding the Bonds, (B) amounts on deposit for a period of 124 consecutive days during which no petition in bankruptcy under the Bankruptcy Code has been filed against the entity which paid such money, and no similar proceedings have been instituted under state insolvency or other laws affecting creditors’ rights generally, or (C) any moneys with respect to which an unqualified opinion from nationally recognized counsel has been received stating that such payments to Bondholders would not constitute voidable preferences under Section 547 of the Bankruptcy Code, or similar state or federal laws with voidable preferences in the event of the filing of a petition for relief under the Bankruptcy Code, or similar state or federal laws with voidable preference provisions by or against the entity from which the money is received.

“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 Initial Bonds and (B) any Additional Bonds.

“Bond Counsel” means the law firm of Hodgson Russ 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 established pursuant to Section 401(A)(3) 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 Initial Bonds, the proceeds of the sale of the Initial Bonds, including any accrued interest, paid to the Trustee on behalf of the Issuer by the Underwriter as the purchase price of the Initial 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 Purchase Agreement” means (A) with respect to the Initial Bonds, the Initial Bond Purchase Agreement, 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.

“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 (A) with respect to the Initial Bonds, the Initial Bond Resolution and (B) with respect to any Series of Additional Bonds, any resolution adopted by the members of the board of directors of the Issuer authorizing the issuance of such Series of Additional Bonds.

“Bond Year” (A) with respect to the Initial Bonds, means each one (1) year period ending on the anniversary of the Closing Date relating to the Initial 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, with respect to the Bonds, 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.

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

“Certificate of Determination” means, (A) with respect to the Initial Bonds, the certificate of determination executed by the Chairman, Vice Chairman or Chief Executive Officer of the Issuer relating to the Initial Bonds, and (B) with respect to any Series of Additional Bonds, the document by which the Issuer evidences its approval of the terms of such Series of Additional Bonds.

“Closing Date” means (A) with respect to the Initial Bonds, the date on which authenticated Initial 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 Initial Project, the date of substantial completion of the Initial Project, as evidenced in the manner provided in Section 3.4 of the Loan Agreement and (B) with respect to any Additional Project, the date of substantial completion of the undertaking of such Additional Project, as evidenced in the manner provided in Section 3.4 of the Loan Agreement.

“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 Additional Project, the period (A) beginning on the earlier of the Inducement Date or the Official Action Date relating thereto and (B) ending on the Completion Date relating thereto.

“Continuing Disclosure Agreement” means (A) with respect to the Initial Bonds, the Initial Continuing Disclosure Agreement and (B) with respect to any Series of Additional Bonds, any similar document executed by the Institution in connection with the issuance of such Series of Additional Bonds.

“Cost of the Project” means (A) with respect to the Initial 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 Initial Project in anticipation of the issuance of the Initial Bonds and for which the Institution may be reimbursed from proceeds of the Initial Bonds pursuant to the provisions of the Initial Tax Regulatory Agreement, 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 pursuant to the provisions of the related Tax Documents.

“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 Cash Deposit” means an amount certified by the Verification Agent in the Verification Report as the cash deposit needed to be made by the Institution with the Prior Trustee so that the sum of the Prior Reserve Funds and the Defeasance Cash Deposit shall equal the Defeasance Escrow Deposit.

“Defeasance Escrow Agreement” means the defeasance escrow agreement dated as of June 1, 2017 among the Prior Issuer, the Prior Trustee and the Institution, pursuant to which, among other things, the Defeasance Escrow Deposit will be made with the Prior Trustee, in an amount sufficient to enable the Prior Trustee to defease the Prior Bonds in full.

“Defeasance Escrow Deposit” means an amount of Defeasance Obligations acquired with a combination of proceeds of the Prior Reserve Funds and the Defeasance Cash Deposit in an amount equal to the amount certified by the Verification Agent in the Verification Report pursuant to the provisions of Section 1002 of the Prior Indenture as the amount of Defeasance Obligations needed to be on deposit with the Prior Trustee sufficient to enable the Prior Trustee to redeem the Prior Bonds in full (i.e., an amount sufficient, without the need for future 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 Prior Bonds on and prior to date that the Prior Bonds shall be redeemed).

“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 Initial Bonds, the Initial 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.

“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Indenture [and related financing documents] and delivered using Electronic Means; provided, however, that the Issuer and/or the Obligor, as applicable, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Issuer and/or the Obligor, as applicable, whenever a person is to be added or deleted from the listing. If the Issuer and/or the Obligor, as applicable, elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Issuer and the Obligor understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Issuer and the Obligor shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Issuer, the Obligor and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Issuer and/or the Obligor, as applicable. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Obligor agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Issuer and/or the Obligor, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

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

“Equipment” means, collectively, the Initial Equipment and any Additional Equipment.

“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 (C) with respect to any other Financing Document, any of those events defined as an Event of Default by the terms thereof.

“Event of Taxability” means, with respect to any Series of Tax-Exempt Bonds, (A) the enactment of a statute or promulgation of a regulation eliminating, in whole or in part, the applicable exemption, as such exists on the Closing Date, from gross income for federal income tax purposes for interest payable under such Series of Tax-Exempt Bonds, (B) a “final determination by decision or ruling by a duly constituted administrative authority” to the effect that such exemption for interest payable under such Series of Tax-Exempt Bonds is not available, is no longer available or is contrary to law, (C) the expiration of the right to further administrative review of any determination, decision or ruling to the effect that such exemption for interest payable under such Series of Tax-Exempt Bonds is not available, is no longer available or is contrary to law, or (D) receipt by the Trustee of a written opinion of Bond Counsel that there is no longer a basis for the Holders of such Series of Tax-Exempt Bonds (or any former Holder, other than a Holder who is or was a Substantial User of the Project Facility or a Related Person thereto) to claim that any interest paid and payable on such Series of Tax-Exempt Bonds is not excluded from gross income for federal income tax purposes. For the purposes of clause (B) above, a “final determination by decision or ruling by a duly constituted administrative authority” shall mean (1) the issuance of a ruling (including, but not limited to, a revenue ruling or a letter ruling) by the IRS or any successor thereto, or (2) the issuance of a preliminary notice of proposed deficiency (“30-Day Letter”), a statutory notice of deficiency (“90-Day Letter”), or other written order or directive of similar force and effect by the IRS, or any other United States Governmental Authority having jurisdiction therein. Notwithstanding the foregoing, nothing in this definition of “Event of Taxability” shall be construed (x) to mean or include consideration of the interest payable on a Series of the Tax-Exempt Bonds for purposes of calculating the interest expense which may be deducted by a bank or other Financial Institution, or (y) to mean that the Holder of such Series of the Tax-Exempt Bonds shall have any obligation to contest or appeal any assertion or decision that any interest payable under such Series of the Tax-Exempt Bonds is subject to taxation, or (z) to mean or include the imposition of an alternative minimum tax or preference tax or environmental tax or branch profits tax on any Holder of a Series of the Tax-Exempt Bonds, in the calculation of which is included the interest paid or payable under the Tax-Exempt Bonds.

“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 the Initial Facility and any Additional Facilities.

“Final Maturity” means, with respect to any particular Bond, the final Stated Maturity of the principal due on such Bond, unless such Bond is called for redemption in whole prior to such date, in which case any such term shall mean the Redemption Date relating to such Bond.

“Financing Documents” means (A) with respect to the Initial Bonds, the Initial Financing Documents and (B) with respect to any Series of Additional Bonds, any similar documents executed by the Institution and/or the Issuer in connection with the issuance of such Series of Additional Bonds.

“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 Bond Proceeds” means, with respect to a Series of Bonds, “gross proceeds” as defined in Section 148(f)(6)(B) of the Code, presently including, without limitation, the original proceeds of such Series of Bonds, investment proceeds, amounts held in a sinking fund, amounts invested in a reasonably required reserve or replacement fund, certain investment-type property pledged as security for such Series of Bonds by the Institution or by the Issuer, amounts received with respect to the Loan Agreement relating to such Series of Bonds, any amounts used to pay Debt Service Payments on such Series of Bonds, and any amounts received as a result of investing any of the foregoing.

“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.

“Gross Revenues” shall have the meaning assigned to such term in the Pledge and Security Agreement.

“Guaranty” means the guaranty dated as of June 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.

“Immediate Notice” means notice transmitted through a time-sharing terminal, if operative as between any two parties, or if not operative, same-day notice by telephone, telecopy or telex, followed by prompt written confirmation sent by overnight delivery.

“Indebtedness” means (A) the payment of the Debt Service Payments on the Bonds according to their tenor and effect, (B) all other payments due from the Institution or the Issuer to the Trustee pursuant to any Financing Document, (C) the performance and observance by the Issuer and the Institution of all of the covenants, agreements, representations and warranties made for the benefit of the Trustee pursuant to any Financing Document, (D) the monetary obligations of the Institution to the Issuer and its members, directors, officers, agents, servants and employees under the Loan Agreement and the other Financing Documents, and (E) all interest, penalties and late charges accruing on any of the foregoing.

“Indemnified Parties” shall mean the Trustee, the Issuer, the Underwriter and the payee and holder of any Initial Bond.

“Indenture” means the trust indenture dated as of June 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 of the United States of America or in the District of Columbia and not a full-time employee of the Institution, the Issuer or the Trustee.

“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 Initial Project, the date which is sixty (60) days prior to the earlier of (1) March 23, 2017 or (2) the date on which the Institution declared its official intent to reimburse expenditures made with respect to the Initial 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.

“Initial Arbitrage Certificate” means the certificate dated the Closing Date for the Initial Bonds executed by the Issuer and relating to certain requirements set forth in Section 148 of the Code applicable to the Initial Bonds and the Initial Project.

“Initial Bond Purchase Agreement” means the bond purchase agreement dated June 7, 2017 by and among the Underwriter, the Issuer and the Institution relating to the purchase of the Initial Bonds by the Underwriter, as said bond purchase agreement may be amended or supplemented from time to time.

“Initial Bond Resolution” means the resolution of the members of the board of directors of the Issuer duly adopted on April 20, 2017 authorizing the Issuer to undertake the Initial Project, to issue and sell the Initial Bonds and to execute and deliver the Initial Financing Documents to which the Issuer is a party.

“Initial Bonds” means the Series 2017 Bonds and any Initial Bonds issued in exchange or substitution therefor.

“Initial Continuing Disclosure Agreement” means the continuing disclosure agreement dated as of June 22, 2017 by and between the Institution and the Trustee relating to the Initial Bonds, as said continuing disclosure agreement may be amended or supplemented from time to time.

“Initial Depository Letter” means any letter of representations by and among the Issuer and the Depository relating to the Initial Bonds, and any amendments or supplements thereto entered into with respect thereto.

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

Agreement, including, without limitation, all of the Property described in Exhibit B attached to the Loan Agreement.

“Initial Facility” means all buildings (or portions thereof), improvements, structures and other related facilities, and improvements thereto, (A) located on the Initial Land, (B) refinanced with the proceeds of the sale of the Initial Bonds or any payment made by the Institution pursuant to Section 3.5 of the Loan Agreement, and (C) not constituting a part of the Initial Equipment, all as they may exist from time to time.

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

“Initial Land” means the real estate described on Exhibit A attached to the Loan Agreement, which is the site of the Initial Project.

“Initial Letter of Representation” means the letter of representation dated June 7, 2017 by and among the Institution, the Issuer and the Underwriter, pursuant to which the Institution will provide indemnification to the Issuer and the Underwriter relating to the issuance and sale of the Initial Bonds.

“Initial Official Statement” means the official statement delivered in connection with the sale of the Initial Bonds by the Underwriter.

“Initial Preliminary Official Statement” means the preliminary official statement delivered in connection with the sale of the Initial Bonds by the Underwriter.

“Initial Project” shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

“Initial Project Facility” means, collectively, the Initial Land, the Initial Facility and the Initial Equipment.

“Initial Tax Documents” means, collectively, the Initial Arbitrage Certificate and the Initial Tax Regulatory Agreement.

“Initial Tax Regulatory Agreement” means the tax regulatory agreement dated the Closing Date for the Initial Bonds executed by the Institution in favor of the Issuer and the Trustee regarding, among other things, the restrictions prescribed by the Code in order for interest on the Initial Bonds to be and remain excludable from the gross income of the Holders thereof for federal income tax purposes.

“Initial Underwriter Documents” means the Initial Bond Purchase Agreement, the Initial Letter of Representation, the Initial Continuing Disclosure Agreement, the Initial Preliminary Official Statement, the Initial Official Statement and any other document now or hereafter executed by the Issuer or the Institution in connection with the sale of the Initial Bonds by the Underwriter.

“Institution” means Albany Law School of Union University, a 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.

“Insurance and Condemnation Fund” means the fund so designated established pursuant to Section 401(A)(3) of the Indenture.

“Interest Payment Date” means (A) with respect to the Initial 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) City of Albany 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 City of Albany Capital Resource Corporation or its successors or assigns may be a party.

“Land” means the Initial Land and any Additional Land.

“Letter of Representation” means the Initial Letter of Representation.

“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 hereof, 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 June 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.

“Negative Pledge Agreement” means the negative pledge agreement dated as of June 1, 2017 from the Institution to the Issuer, pursuant to which the Institution agreed to create no liens on the real property of the Institution other than permitted thereby, as said negative pledge agreement may be amended or supplemented from time to time.

“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.

“Nonexempt Person” or “Nonexempt Entity” means any Person other than (A) a state or local governmental entity or (B) a Person described in Section 501(c)(3) of the Code which has been recognized in writing by the Internal Revenue Service as being exempt from taxation under Sections 501(a) and Section 501(c)(3) of the Code.

“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 Action Date” means the date that the Institution took action declaring the official intent of the Institution to reimburse expenditures relating to the Initial Project out of proceeds of debt obligations.

“Official Statement” means (A) with respect to the Initial Bonds, the Initial 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.

“Optional Redemption Premium” means the premium payable upon an optional redemption of the Bonds, as determined pursuant to Section 301(B) of the Indenture.

“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:

(A) Bonds theretofore cancelled or deemed cancelled by the Trustee or theretofore delivered to the Trustee for cancellation;

(B) 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

(C) 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 hereof, 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, (F) any lease of the Project Facility permitted by the tax Documents, and (G) 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, 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 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 June 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.

“Pledge and Security Agreement” means the pledge and security agreement dated as of June 1, 2017 from the Institution to the Trustee, and acknowledged by the Institution, pursuant to which, among other things, the Institution has granted to the Trustee a security interest in all interest of the Institution in the Gross Revenues (as defined in the Pledge and Security Agreement) of the Institution.

“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 Initial Bonds, the Initial 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.

“Principal Payment Date” means (A) with respect to the Initial Bonds, each Interest Payment Date on which a Sinking Fund Payment is due on the Bonds, and the Maturity Date of each of the Initial Bonds, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of principal due on such Additional Bonds.

“Prior Bond Fund” means the “Bond Fund”, as defined in the Prior Indenture.

“Prior Bonds” means the Tax-Exempt Civic Facility Revenue Bonds (Albany Law School of Union University), Series 2007A in the original aggregate principal amount of \$19,065,000 issued by the Prior Issuer on or about June 25, 2007.

“Prior Indenture” means the trust indenture dated as of June 1, 2007 by and between the Prior Issuer and the Prior Trustee.

“Prior Insurance and Condemnation Fund” means the “Insurance and Condemnation Fund”, as defined in the Prior Indenture.

“Prior Issuer” shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

“Prior Project” shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

“Prior Project Facility” means the Initial Project Facility.

“Prior Project Fund” means the “Project Fund”, as defined in the Prior Indenture.

“Prior Reserve Funds” means, collectively, funds on deposit in the Prior Bond Fund, the Prior Insurance and Condemnation Fund and the Prior Project Fund.

“Prior Trustee” means The Bank of New York, as trustee under the Prior Indenture.

“Project” means (A) with respect to the Initial Bonds, the Initial 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 Costs” means Costs of the Project.

“Project Facility” means, collectively, the Initial Project Facility and all Additional Project Facilities.

“Project Fund” means the fund so designated established pursuant to Section 401(A)(1) of the Indenture.

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

“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 Documents.

“Rebate Fund” means the fund so designated established pursuant to Section 401(A)(4) of the Indenture.

“Rebate Fund Earnings Account” means the special account so designated within the Rebate Fund established pursuant to Section 401(A)(4)(b) of the Indenture.

“Rebate Fund Principal Account” means the account so designated within the Rebate Fund established pursuant to Section 401(A)(4)(a) of the Indenture.

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

“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 (15th) day (whether or not a Business 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.

“SEQRA” means Article 8 of the Environmental Conservation Law of the State and the statewide and local regulations thereunder.

“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 Issuer’s Tax-Exempt Revenue Bonds (Albany Law School of Union University Refunding Project), Series 2017A in the aggregate principal amount of \$12,270,000, issued pursuant to the Initial Bond Resolution and Article II of the Indenture and sold to the Underwriter pursuant to the provisions of the Initial Bond Purchase Agreement, in substantially the form attached to the Indenture as Schedule I thereto, and any Series 2017 Bonds issued in exchange or substitution therefor.

“Series 2017A Project Account” means the account so designated within the Project Fund established pursuant to Section 401(A)(1)(a) of the Indenture.

“Sinking Fund Payments” means (A) with respect to the Initial Bonds, the sinking fund redemption payments due on the Initial Bonds pursuant to Section 301(C) of the Indenture and (B) 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” or “S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, 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 Documents” means, collectively, (A) with respect to the Initial Bonds, the Initial Tax Documents and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar documents executed by the Issuer and/or the Institution in connection with the issuance 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 Initial Bonds.

“Tax Regulatory Agreement” means (A) with respect to the Initial Bonds, the Initial Tax Regulatory Agreement and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the Institution in connection with the issuance and sale of such Series of Additional Bonds.

“Term Bonds” means Bonds having a single stated maturity for which Sinking Fund Installments are specified in Section 301(C) of the Indenture (or, if such Bonds are Additional Bonds, in the supplemental indenture authorizing the issuance of such Bonds).

“Termination of Loan Agreement” means a termination of Loan Agreement by and between the Institution, as borrower, and the Issuer, as lender, intended to evidence the termination of the Loan Agreement, substantially in the form attached as Exhibit C to the Loan Agreement.

“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 The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of 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, 3.7, 4.4, 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, 8.17, 8.18, 9.1, 9.2, 11.1, 11.4, 11.8 and 11.10 of the Loan Agreement, (B) the moneys due and to become due to the Issuer for its own account or the members, directors, officers, agents (other than the Institution), 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 (other than the Institution), 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 Initial Bonds, Piper Jaffray & Co., as underwriter and original purchaser of the Initial 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 Initial Bonds, the Initial Underwriter Documents 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.

“Verification Agent” means the firm retained by the Institution to verify the minimum size of the respective Defeasance Cash Deposits needed to be made in order to defease and redeem the Prior Bonds in full.

“Verification Report” means the verification report prepared by the Verification Agent respecting the defeasance of the Prior Bonds.

“Yield”, when used with respect to the Initial Bonds, shall have the meaning assigned to such term in the Initial Tax Regulatory 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. Certain provisions of the Indenture are also described in the Official Statement under the captions “INTRODUCTION”, “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS” and “THE SERIES 2017 BONDS”.

The Initial Bonds will be issued under and secured by the Indenture. Reference is made to the Indenture for complete details of the terms thereof. The following is a brief summary of certain provisions of the Indenture and should not be considered a full statement thereof.

Restriction on Issuance of Bonds (Section 201)

Except for substitute Bonds and Additional Bonds issued pursuant to the Indenture, the total aggregate principal amount of Bonds that may be issued under the Indenture is expressly limited to \$12,270,000.

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 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 THE CITY OF ALBANY, NEW YORK AND NEITHER THE STATE NOR THE CITY OF ALBANY, 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 THE CITY OF ALBANY, 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 member, director, officer, agent (other than the Institution), 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 Initial Bonds (Section 210)

Upon the execution and delivery of the Indenture, the Issuer shall execute and deliver the Initial Bonds (including a reasonable number of additional Initial Bonds to be retained by the Trustee for authentication and delivery upon transfer or exchange of any Initial Bond) to the Trustee, and the Trustee shall authenticate and deliver the Initial 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:

- (1) a certified copy of the Initial Bond Resolution;
- (2) executed counterparts of the Indenture, the Loan Agreement and the other Initial Financing Documents;
- (3) a request and authorization to the Trustee on behalf of the Issuer signed by an Authorized Representative of the Issuer to deliver the Initial 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;
- (4) signed copies of the opinions of counsel to the Issuer, the Institution, and the Trustee, and of Bond Counsel, as required by the Initial Bond Purchase Agreement;
- (5) the certificates and policies, if available, of the insurance required by the Loan Agreement;
- (6) evidence that a completed Internal Revenue Service Form 8038 with respect to the Initial Bonds has been signed by the Issuer; and
- (7) 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 Section 214 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 completion of the Project Facility in excess of the amount in the Project Fund; (2) costs of any Additional Project; (3) costs of refunding or advance refunding any or all of the Bonds previously issued; (4) costs of making any modifications, additions or improvements to the Project Facility that the Institution may deem necessary or desirable; (5) 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 (6) 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 Initial Bonds authorized under Section 209 of 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 which shall provide, among other things, that the basic Loan Payments payable under the Loan Agreement shall be increased and computed so as to at least equal to the sum of the total Debt Service Payments due on the Initial Bonds and all Additional Bonds and all other costs in connection with the Project, 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 Initial 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 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) a 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;

(6) 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;

(7) 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 Initial Bonds originally issued under the

Indenture or any Additional Bonds theretofore issued or the exclusion of the interest payable on the Initial 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;

(8) 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;

(9) 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

(10) such other documents as the Trustee may reasonably request.

Each Series of Additional Bonds shall be equally and ratably secured under the Indenture with the Initial 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 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 2017A 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; (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.

Application of Proceeds of Bonds and Other Moneys (Section 402)

The Issuer shall deposit with the Trustee all of the proceeds from the sale of the Initial Bonds, including accrued interest payable on the Initial Bonds. The Trustee shall deposit the proceeds from the sale of the Initial Bonds as follows: (1) the Trustee shall deposit the portion of the proceeds of the sale of the Initial Bonds representing accrued interest on the Initial Bonds, if any, into the Bond Fund; and (2) the Trustee shall deposit the remainder of the proceeds of the sale of the Initial Bonds into the Series 2017A Project Account of the Project Fund.

The amounts held in the Series 2017A Project Account shall be disbursed in accordance with the provisions of Section 404 of the Indenture.

The proceeds of any Additional Bonds shall be deposited as provided in the supplement to the Indenture authorizing the issuance of such Additional Bonds. Any such proceeds required to be deposited in the Project Fund shall be deposited in the appropriate account relating to such Additional Bonds within the Project Fund.

Transfers of Trust Revenues to Funds (Section 403)

Commencing on the first date on which Loan Payments are received from the Institution pursuant to Section 5.1(A) of the Loan Agreement, and thereafter, the Trustee shall deposit such payments, upon the receipt thereof, into the Bond Fund, as provided in Section 405(A) of the Indenture. The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee shall, upon receipt thereof, be deposited into the Insurance and Condemnation Fund.

Project Fund (Section 404)

In addition to moneys deposited in the Project Fund from the proceeds of the sale of the Bonds pursuant to Section 402 hereof, 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 thereof, are to be deposited in the Project Fund. Moneys on deposit in the Series 2017A Project Account of the Project Fund with respect to the Initial Bonds shall be disbursed and applied by the Trustee to pay the Costs of the Project relating to the Initial Project pursuant to the provisions of Section 3.3 of the Loan Agreement, Section 404 of the Indenture and the Initial Tax Regulatory 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.

The Trustee is instructed to enter into the Defeasance Escrow Agreement relating to the defeasance of the Prior Bonds. On the Closing Date relating to the Initial Bonds, or as soon thereafter as is practicable, following execution and delivery of the Defeasance Escrow Agreement, the Trustee shall pay to the Prior Trustee, from the moneys on deposit in the Project Fund, an amount equal to the Defeasance Cash Deposit. Pursuant to the provisions of the Defeasance Escrow Agreement, the Defeasance Cash Deposit shall become part of the Defeasance Escrow Deposit, and the Defeasance Escrow Deposit shall be held by the Prior Trustee pursuant to the Defeasance Escrow Agreement and

applied to pay debt service coming due on the Prior Bonds and to redeem the Prior Bonds within ninety (90) days of the issuance of the Initial Bonds.

The Trustee is authorized and directed to disburse the balance of the moneys on deposit in the Project Fund relating to the Initial Bonds within thirty (30) days of the issuance of the Initial 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 and the Loan Agreement and the Initial Tax Regulatory 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.

Except for any amount retained for the payment of incurred and unpaid items of the Cost of the Project, after the Completion Date related to a particular Project, all moneys in the related account in the Project Fund (in excess of any amount required to be transferred to the Rebate Fund pursuant to the Indenture and the Tax Documents) shall be transferred from the Project Fund to the Bond Fund or an escrow fund to be created by the Trustee at the written direction of the Institution, to be applied to the defeasance of a portion of the Bonds then Outstanding pursuant to the provisions of the Tax Documents.

In the event that the unpaid principal amount of the Bonds is accelerated upon the occurrence of an Event of Default, the balance in the Project Fund (in excess of any amount required to be transferred to the Rebate Fund pursuant to the Indenture and the Tax Documents) will be transferred from the Project Fund to the Bond Fund as soon as possible and will be used to pay the principal of, premium, if any, on and interest on the Bonds.

The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom and, upon request of the Issuer or the Institution, and within sixty (60) days after the Completion Date, file an accounting thereof with the Issuer and the Institution.

Bond Fund (Section 405)

In addition to the moneys deposited into the Bond Fund (1) from the proceeds of the sale of the Bonds pursuant to Section 402 of the Indenture and (2) pursuant to Sections 403, 404 and 409 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 amount in the Insurance and Condemnation Fund directed to be paid into the Bond Fund under Section 406 of the Indenture, (c) any amounts received from the Institution pursuant to Section 3.6 of the Loan Agreement, (d) 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 (e) all other moneys received by the Trustee under and pursuant to the Indenture or the other Financing Documents which by the terms thereof 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 will be deposited by the Trustee in the Bond Fund.

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, together with any other amounts so required to be deposited therein under the Loan Agreement, 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 pursuant to the Indenture and the Tax Documents 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 Documents, 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 will, after any transfer to the Rebate Fund required by the Indenture and the Tax Documents 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 Documents; 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.

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 Section 407 of the Indenture and the instructions must be retained by the Trustee until six years after the Tax-Exempt 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 or restoration of the Project Facility pursuant to the Loan Agreement or the Indenture at any time during a Bond Year, the Trustee will 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 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 with respect to a Series of Tax-Exempt Bonds exceeds the Rebate Amount with respect to a Series of Tax-Exempt Bonds, 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 related to such Series of Tax-Exempt Bonds 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 such Series of Tax-Exempt 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 of America, 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 such Series of Tax-Exempt Bonds, an amount such that, together with prior amounts paid to the United States of America, the total amount paid to the United States of America is equal to ninety percent (90%) of the Rebate Amount with respect to such Series of Tax-Exempt Bonds as of the date of such payment plus all amounts then held in the Rebate Fund Earnings Account with respect to such Series of Tax-Exempt Bonds, 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 Series of Tax-Exempt Bonds as of the date of such payment plus all amounts relating thereto then held in the Rebate Fund Earnings Account with respect to such Series of Tax-Exempt Bonds.

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 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 of America under the Indenture and under the Tax Documents 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 monies held under Section 408, 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 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 513)

So long as any Tax-Exempt Bonds shall be Outstanding, the Issuer covenants that it will 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 of America 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 of America as the Institution, in accordance with the Indenture and the Tax Documents, shall direct.

Events of Default (Section 601)

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

- (1) 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;
- (2) 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
- (3) subject to the provisions 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 (A) the occurrence of an Event of Default under paragraph (1) of the first paragraph under the caption "Events of Default" herein, the Trustee shall, or (B) the occurrence of an Event of Default under paragraphs (2) or (3) of the first paragraph under the caption "Events of Default" herein 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 Independent 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 under the Indenture, 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 default and remedy 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 pursuant to Section 408 of the Indenture), 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 of 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 of 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 Indenture to the contrary notwithstanding, no Event of Default described in paragraph (2) or paragraph (3) under the caption "SUMMARY OF THE INDENTURE - Events of Default" will 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 is 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 have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and have not done so 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 accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts upon certain terms and conditions, including but not limited to the following:

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 gross 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 of America, 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 (2/3) 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 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 of America in accordance with the Tax Documents 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 will cease, terminate and be void, and thereupon the Trustee will (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 will, 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 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 is 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.

The Trustee may rely upon an opinion of an Accountant as to the sufficiency of the cash or such Defeasance Obligations on deposit.

No Recourse; Special Obligation (*Section 1109*)

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Indenture, in the Bonds, in the other Financing Documents executed by the Issuer, and in the other documents and instruments connected with the Indenture or therewith, and in any documents supplemental thereto shall (A) 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, (B) not be an obligation of the State of New York or of the City of Albany, New York, and (C) be limited obligations of the Issuer, payable solely from the revenues of the Issuer derived and to be derived from the Loan Agreement (except for revenues derived by the Issuer with respect to the Unassigned Rights).

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

Pursuant to the Loan Agreement, the Issuer will make the Loan to the Institution of the proceeds of the Initial Bonds for the purpose of assisting in financing the Initial Project. Reference is made to the Loan Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Loan Agreement and should not be considered a full statement thereof.

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 Enabling 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 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 (a) cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Financing Documents, or (b) adversely affect the exclusion of the interest paid or payable on any Tax-Exempt Bond 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, warranties and covenants, among others:

(1) The Institution is a not-for-profit 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 (a) adversely affect the exclusion of the interest paid or payable on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (b) cause the proceeds of the 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 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 members, directors, officers, agents, servants and employees harmless from all fines and penalties due to failure to comply therewith.

(4) All of the proceeds of the Initial Bonds shall be used to pay the costs of the Initial Project, and the total cost of the Initial Project is expected to be at least equal to \$12,270,000.

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

(6) The Institution represents that (a) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law; (b) it has received a letter or other notification from the Internal Revenue Service to that effect; (c) such letter or other notification has not been modified, limited or revoked; (d) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (e) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (f) it is exempt from federal income taxes under Section 501(a) of the Code. The Institution agrees that it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in a manner which will conform to the standards necessary to qualify the Institution as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law.

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 of the Bonds by the Holders and Beneficial Owners from time to time of the Bonds. Accordingly, all representations, covenants and agreements on the part of the Issuer and the Institution set forth in the Loan Agreement (other than the Unassigned Rights) are declared to be for the benefit of the Issuer, the Trustee and the Holders and Beneficial Owners from time to time of the Bonds.

Undertaking of the Project (Section 3.1)

The Institution has previously undertaken and completed the acquisition, construction, reconstruction, and installation of the Initial Project Facility. The Institution is the owner of the Initial Project Facility for federal income tax purposes, and the Initial 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 Initial 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 Initial Project relating to 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 Initial Bonds in the aggregate principal amount of \$12,270,000 and (b) cause the Initial Bonds to be delivered to the Underwriter as original purchaser of the Initial Bonds, all as provided in the Initial Bond Resolution, the Certificate of Determination, the Initial Bond Purchase Agreement and the Indenture.

As provided in the Indenture, the proceeds from the sale of the Initial 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, and (2) the balance of the proceeds from the sale of the Bonds shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Project Fund. As provided in the Indenture, the Trustee will advance the proceeds of the sale of the Initial Bonds, upon receipt thereof, to the Institution in accordance with the provisions of the Indenture. Pending disbursement pursuant to the provisions of the Loan Agreement and the Indenture, the proceeds of the Initial 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 Initial Bonds (Section 3.3)

The portion of the proceeds of the sale of the Initial Bonds on deposit in the Project Fund will be deposited by the Issuer with the Trustee as provided in the Indenture and, upon submission to the Trustee of a Request for Disbursement certified by an Authorized Representative of the Institution and complying with the requirements of the Indenture, will be applied to pay certain costs and expenses incurred in connection with the Initial Project as detailed in the Loan Agreement.

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

Any moneys relating to the Initial Bonds remaining in the Project Fund after the date of completion of the Initial Project and the payment, or provision for payment, in full of the Project Costs relating to the Initial Project, at the direction of the Authorized Representative of the Institution, promptly shall be:

- (1) used for the purchase of Initial 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 Initial 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 Initial 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 Initial Project.

Completion by the Institution (Section 3.5)

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

Investment of Fund Moneys (Section 3.6)

At the oral (promptly confirmed in writing) or 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 Tax-Exempt 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 Tax-Exempt Bonds, so that the Tax-Exempt 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.

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, as applicable, 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 the Issuer's administration fee for the issuance of the Initial Bonds; plus (ii) an additional lump sum payment in an amount equal to the fees and expenses of general counsel and Bond Counsel to the Issuer relating to the 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 members, directors, officers, agents, servants and employees thereof incurred by reason of the Issuer's making of the Loan, the financing and/or refinancing of the Initial Project Facility, 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 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 the Institution fails to make any of the above payments for a period of more than ten (10) days from the date such payment is due, the Institution shall pay the same, together with interest thereon, at the Default Interest Rate, from the date on which such payment was due until the date on which such payment is made.

The Institution shall be entitled to a credit against the Loan Payments next required to be made under the Loan Agreement 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 pursuant to the Loan Agreement. 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 (Section 5.2)

The obligations of the Institution under the Loan Agreement will be general obligations of the Institution and will 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 optional redemption provisions of 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 the Project Facility (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 Initial Project Facility in accordance with the purposes and requirements of the Enabling 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 Initial 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 Tax-Exempt Bonds are Outstanding, and during the term of the Loan Agreement, the Institution will keep the Initial Project Facility in accordance with purposes and requirements of the Code necessary to preserve the exclusion from gross income for federal income tax purposes of the interest paid and payable on the Tax-Exempt Bonds (including the Initial Bonds).

Taxes, Assessments And Utility Charges (Section 6.2)

The Institution will pay or cause to be paid all taxes, assessments, and utility charges associated with the Initial 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 (Section 7.1 and Section 7.2)

In the case of damage to or the destruction or Condemnation of the Initial Project Facility, the Institution, but not the Issuer, will have an obligation to replace, repair, rebuild or restore the Initial 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 Initial Project Facility and to cause a defeasance of the Bonds in accordance with the Indenture and the Tax Documents. If the Institution opts to provide for the defeasance of 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 defease the Bonds in full and pay any and all amounts payable under the Financing 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 of the Bonds then Outstanding will be defeased and any and all amounts payable under the Financing Documents to the Issuer and the Trustee will be paid in full.

Termination (Section 8.17)

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, except as provided in Section 11.8 thereof (Survival of Obligations). Upon satisfaction of the Termination Preconditions, the Issuer agrees to execute and deliver to the Institution the Termination of Loan Agreement.

Use of the Project Facility (Section 8.18)

Subsequent to the Closing Date, (A) the Institution shall not use the Initial Project Facility, or permit the Initial 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 Initial 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 hereunder to, any other public instrumentality or a political subdivision of the State or the City of Albany, 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 affect 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)

Under the Loan Agreement, one or more of the following events will constitute an “Event of Default”:

- (1) A default by the Institution in the due and punctual payment of the amounts specified to be paid pursuant to 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) Any sale, conveyance, lease agreement or any other change of ownership, whether occurring voluntarily or involuntarily, or by operation of law or otherwise, by the Institution (except pursuant to the Loan Agreement or a Permitted Encumbrance) of the Institution’s interest in the Initial Project Facility or any part thereof, except as permitted in the Loan Agreement, the Other Financing Documents or a Permitted Encumbrance.

(8) (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.

(9) The removal of the Equipment or any portion thereof outside the City of Albany, New York, without the prior written consent of the Issuer, other than in connection with a removal permitted under Section 9.3 of the Loan Agreement.

(10) 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.

(11) 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 a 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 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; Special Obligation (Section 11.10)

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Loan Agreement, in the Bonds, in the other Financing Documents, and any other instrument or document executed in connection therewith, and any other instrument or document supplemental thereto, 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 hereon or thereon

or otherwise in respect hereof or thereof, 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 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 Bonds.

The obligations and agreements of the Issuer contained in the Loan Agreement or such other documents will not constitute or give rise to an obligation of the State of New York or the City of Albany, New York, and neither the State of New York nor the City of Albany, New York will be liable hereon or thereon, and, further, such obligations and agreements will not constitute or give rise to a general obligation of the Issuer, but rather will 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 will 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 days, shall have failed to institute and diligently pursue action to cause compliance with such request within such ten 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 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 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 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

Pursuant to the Pledge and Assignment, to further secure the payment of the 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.

The foregoing 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.

SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND SECURITY AGREEMENT

Pursuant to the Pledge and Security Agreement, the Institution will grant to the Trustee a security interest in the "Gross Revenues" of the Institution. Reference is made to the Pledge and Security Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Pledge and Security Agreement and should not be considered a full statement thereof.

Additional Definitions used in the Pledge and Security Agreement (Section 1)

"Commercial Code" shall mean the Uniform Commercial Code, as the same may from time to time be in effect in the State.

"Fiscal Year" means a twelve-month period beginning on July 1 and ending on June 30 of each year, or such other twelve month period as the Institution may elect as its fiscal year.

"Gross Revenues" or "Collateral" mean, to the maximum extent permitted by law, all receipts, revenues, income and other money received by or on behalf of the Institution derived from its operations, including all rights to receive the same, whether in the form of accounts receivable, contracts rights or other rights (including rights under policies of business interruption insurance but not under policies of casualty insurance), and proceeds of such rights, now owned or held or hereafter coming into existence, provided, however, that there shall be excluded from Gross Revenues gifts, grants, bequests, donations and contributions restricted at the time of making thereof by the donor or maker thereof as being for certain specific purposes inconsistent with the payments required by Section 5.1 of the Loan Agreement and the income derived therefrom to the extent required by such restriction.

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

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

"Initial Bonds" means the Issuer's Tax-Exempt Revenue Bonds (Albany Law School of Union University Refunding Project), Series 2017 in the aggregate principal amount of \$12,270,000.

"Parity Obligations" means Indebtedness of the Institution incurred in accordance with Section 9 hereof, Paragraph (B) of Schedule C of the Guaranty or Section 214 of the Indenture, including obligations of the Institution to one or more commercial banks or financial institutions obligated to

contribute to making loans, purchasing bonds or otherwise making funds available as security for the payment of the principal and interest when due on Indebtedness of the Institution.

“Secured Indebtedness” means (1) the payment of \$12,270,000, being the aggregate principal amount of the Initial Bonds, together with premium, if any, and interest thereon, according to their tenor and effect; (2) the payment of all other sums required to be paid by the Institution hereunder and under the Loan Agreement and the other Financing Documents; and (3) the performance and observance by the Institution of all of the covenants, agreements, representations and warranties herein and in the Loan Agreement and the other Financing Documents made by the Institution.

“Security Agreement” means the Pledge and Security Agreement, dated as of June 1, 2017, from the Institution to the Trustee, as amended or supplemented from time to time.

“State” means the State of New York.

Assignment (Section 3)

In consideration of the issuance of the Initial Bonds, the making of the Loan and in order to secure the Secured Indebtedness, the Institution pledges, assigns, transfers, hypothecates and delivers to the Trustee, and hereby grants to the Trustee a security interest in, all of Institution’s right, title and interest in and to the Gross Revenues, whether now owned or at any time hereafter acquired. This assignment by Institution is a present, irrevocable, absolute and unconditional assignment of the Gross Revenues, reserving unto the Institution, however, a license to collect, retain, enjoy and use such Gross Revenues prior to the occurrence of an Event of Default (as defined in the Pledge and Security Agreement) beyond the expiration of any applicable notice and cure period. This license shall be revocable by Trustee at any time following the occurrence of an Event of Default beyond the expiration of any applicable notice and cure periods.

Parity Obligations (Section 9)

Notwithstanding anything in the Pledge and Security Agreement to the contrary, the Institution may issue, incur or assume Indebtedness (as defined in the Guaranty) secured by a Lien on Gross Revenues, which in the event of any default and acceleration or claim on the Gross Revenues is *pari passu* with the Lien on the Gross Revenues granted by the Pledge and Security Agreement in accordance with the terms of Section 214 of the Indenture and Section 3.9 of the Guaranty.

SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTY

The Institution’s obligation to make all Loan Payments due under the Loan Agreement, and to perform all obligations related thereto, will be further secured by the Guaranty from the Institution to the Trustee. Reference is made to the Guaranty for complete details of the terms thereof. The following is a brief summary of certain provisions of the Guaranty and should not be considered a full statement thereof.

Guaranty (Section 3.1)

The Institution under the Guaranty irrevocably and unconditionally guarantees to the Trustee (1) the full and prompt payment of moneys sufficient to pay, or to provide for the payment of, (a) the outstanding principal on the Bonds when and as the same becomes due, (b) any and all interest on the Bonds when and as the same becomes due, (c) any premium or redemption payment payable on the Bonds when and as the same becomes due, (d) the Redemption Price of the Bonds, when and as the same

becomes due, and (e) any other sum payable by the Issuer or the Institution under the Financing Documents, when and as the same shall become due, whether at the stated maturity thereof, by acceleration or upon prepayment or otherwise, and (2) the performance by the Institution of its obligations under the Financing Documents. The Institution hereby irrevocably and unconditionally agrees that, upon the occurrence of an Event of Default and the acceleration of the principal balance of the Bonds then Outstanding and all accrued but unpaid interest and any premium on the Bonds by the Trustee, after required notice and cure periods, the Institution will promptly pay the same.

Additional Covenants in Schedule C to the Guaranty

(A) Expendable Net Assets/Long-Term Debt – Expendable Net Assets, defined as Unrestricted Net Assets and Temporarily Restricted Net Assets less plant equity (Net Property Plant and Equipment less long-term debt), shall be maintained in an amount to at least equal to the principal balance of all long-term indebtedness outstanding commencing on the Law School’s Fiscal Year ending June 30, 2017 and as of the last day of each Fiscal Year thereafter (the “Testing Date”). The Law School will be required to annually file a certificate with the Trustee demonstrating compliance with the Expendable Net Assets to Long-Term Debt covenant.

Notwithstanding the foregoing, the Law School shall not be considered to have failed to satisfy the Expendable Net Assets covenant, if such failure is due solely to a decline in the market value of Expendable Net Assets as a consequence of general market conditions occurring since the end of the prior fiscal year and compliance can be demonstrated by restoring to the Law School’s Expendable Net Assets any cumulative net decreases reported in Expendable Net Assets that resulted from non-operating investment activities since the end of the prior the prior fiscal year that the Expendable Net assets requirement was satisfied.

(B) Additional Indebtedness - The Law School will covenant that it will not incur any long-term debt (greater than one year) unless Expendable Net Assets, as reflected in the Law School’s’ most recent financial statements, were at least equal to its outstanding long-term indebtedness and any proposed long-term indebtedness.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”) is entered into as of June 22, 2017, by and among Albany Law School of Union University (the “Institution”), The Bank of New York Mellon, as Trustee (the “Trustee”) and Digital Assurance Certification, LLC (the “Dissemination Agent”) in connection with the issuance by City of Albany Capital Resource Corporation (the “Issuer”) of its \$12,270,000 aggregate principal amount of Tax-Exempt Revenue Bonds (Albany Law School of Union University Refunding Project), Series 2017A (the “Series 2017 Bonds”). The Series 2017 Bonds are being issued pursuant to a Trust Indenture dated as of June 1, 2017 (the “Indenture”).

In order to permit the Underwriter of the Series 2017 Bonds to comply with the provisions of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 in connection with the public offering of the Series 2017 Bonds, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree for the sole and exclusive benefit of the Bondholders, as follows:

SECTION 1. Purpose of the disclosure agreement. This disclosure agreement is being executed and delivered by the institution and the trustee, in each case for the benefit of bondholders and Beneficial Owners (as defined below) of the series 2017 bonds and in order to assist the underwriter in complying with the rule (as defined below). The institution and the trustee acknowledge that the issuer has not undertaken any responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and the issuer has no liability to any person, including any bondholder or Beneficial Owner, concerning the rule.

SECTION 2. Definitions. Capitalized terms used but not defined in this disclosure agreement shall have the meanings ascribed to them in the indenture.

“Annual Report” shall mean any annual report and related annual information to be provided by the Institution, pursuant to Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any beneficial owner of a security, including a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares investment power which includes the power to dispose, or to direct the disposition, of such security subject to certain exceptions as set forth in the Undertaking, as defined below. Any assertion of beneficial ownership must be filed with full documentary support, as part of the written request described in Section 10 of this Disclosure Agreement.

“Disclosure Representative” shall mean the Chief Financial Officer of the Institution or his or her designee, or such other person as the Institution shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean Digital Assurance Certification, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent, designated in writing by the Institution and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Fiscal Year” shall mean the period of twelve months beginning July 1st of each year and ending on June 30th of the following year, or any other twelve month period adopted by the Institution as its fiscal year for accounting purposes.

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Repository” shall mean the MSRB as the sole repository of information required to be provided pursuant to the Rule, in each instance through and in accordance with EMMA.

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of New York.

“Underwriter” shall mean Piper Jaffray & Co., as the original underwriter of the Series 2017 Bonds required to comply with the Rule in connection with the offering of the Series 2017 Bonds.

SECTION 3. Obligations To Provide Continuing Disclosure.

On an annual basis, no later than 150 days after the end of each Fiscal Year of the Institution, commencing with the Fiscal Year ended June 30, 2017, the Institution shall provide to the Dissemination Agent and the Dissemination Agent shall provide, to the Repository, an Annual Report which is consistent with the requirements of Sections 3 and 4 of this Disclosure Agreement.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as is provided in Section 4(ii) hereof. If the Fiscal Year changes, the Institution shall give notice of such change in the same manner as required for a Listed Event. The Institution shall provide sufficient copies of the Annual Report to facilitate the Dissemination Agent’s carrying out its duties, as set forth under this Disclosure Agreement.

If the Dissemination Agent has not received on or before the last business day of a Fiscal Year, an Annual Report from the Institution for the preceding Fiscal Year, and the Dissemination Agent does not have actual knowledge that the Annual Report has been provided to the Repository, the Dissemination Agent shall send a notice to the Repository in substantially the form attached hereto as Exhibit A, with a copy to the Institution.

The Dissemination Agent shall file a report with the Institution and (if the Dissemination Agent is not the Trustee) with the Trustee, certifying that the Annual Report has been provided to the Repository to this Disclosure Agreement, stating the date it was so provided.

SECTION 4. Content of Annual Report. The Annual Report shall contain or include by reference the following core financial information and operating data:

(i) Specified Information.

(a) The audited financial statements of the Institution for the most recently ended Fiscal Year prepared in accordance with generally accepted accounting principles consistently applied and generally accepted in the United States of America (“US GAAP”) using the accrual basis of accounting. If the Institution’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Subsection 3 of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available, but, in any event, not later than the last business day of each such succeeding fiscal year;

(b) Material historical quantitative data, revenues, expenditures, financial operations and indebtedness with respect to the Series 2017 Bonds generally of the type discussed in the Official Statement dated June 7, 2017 relating to the Series 2017 Bonds, including (a) “APPENDIX A – CERTAIN INFORMATION REGARDING THE INSTITUTION” and (b) the table of historical Expendable Net Assets to Debt Ratio set forth in the section captioned “SOURCE AND PAYMENT AND SECURITY FOR THE SERIES 2017 BONDS - Security for the Series 2017 Bonds – Financial Covenants in Guaranty.”

(ii) Cross-Reference. All or any portion of the Annual Report may be incorporated in the Annual Report by cross-reference to any other documents which were and are being filed under the Rule with the Repository, through and in accordance with EMMA. The audited or unaudited financial statements of the Institution may be provided in the same manner.

(iii) Information Categories. The requirements contained in this Disclosure Agreement under Section 4(i)(b) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 4(i)(b) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

SECTION 5. Reporting of Listed Events.

(a) The Institution shall provide or shall cause the Dissemination Agent to provide in a timely manner, not in excess of ten (10) business days after the occurrence, to the Repository, written notice of any of the following events, in each case with respect to the Series 2017 Bonds (“Listed 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 Series 2017 Bonds, or other material events affecting the tax status of the Series 2017 Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2017 Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Institution or the Issuer;

Note to clause (13): For the purposes of the event identified in clause (13) above, the 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 government 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

14. The consummation of a merger, consolidation, or acquisition involving the Institution or the Issuer or the sale of all or substantially all of the assets of the Institution or the Issuer, 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;
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
16. Failure of the Institution to comply with the requirements of Sections 3 and 4 of this Disclosure Agreement;

(b) Certain of the seven Listed Events subject to a materiality standard may not be applicable. Whenever the Institution obtains knowledge of the occurrence of such a Listed Event, the Institution shall as soon as possible determine if such event would constitute material information for Bondholders of the Series 2017 Bonds.

(c) The Institution shall provide or shall cause the Dissemination Agent to provide in a timely manner to the Repository, written notice of a failure of any officer or other person authorized by the Institution to comply with Sections 3, 4 and 5 hereof.

(d) Notwithstanding the preceding, neither the Institution nor the Dissemination Agent will undertake to provide any of the following:

1. Notice with respect to (i) credit enhancement if (A) the credit enhancement is added after the primary offering of the Series 2017 Bonds, (B) the Institution does not apply for or participate in obtaining the enhancement, and (C) the Institution does not apply for or participate in obtaining the enhancement and the enhancement is not described in the Final Official Statement, or (ii) tax exemption other than pursuant to Section 103 of the Code;

2. The event notice, as described in Section 5(a)(8) above, with regard to a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Indenture, (ii) the only open issue is which Series 2017 Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the Series 2017 Bonds, and (iv) public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases; and

3. Updates or revisions to any forward-looking statements contained in the Final Official Statement, including, but not limited to, those that include the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes,” “structured,” “targets” or analogous expressions.

SECTION 6. Termination of Reporting Obligation. The institution’s obligations under this disclosure agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2017 bonds.

SECTION 7. Dissemination Agent. The Institution has appointed Digital Assurance Certification, LLC as Dissemination Agent under this agreement pursuant to a Disclosure Dissemination Agreement dated as of June 1, 2017 by and between the institution and Digital Assurance Certification, LLC. The institution may, upon thirty days written notice to the dissemination agent and the trustee, replace or appoint a successor dissemination agent. Upon termination of Digital Assurance Certification, LLC’s services as Dissemination Agent, the institution agrees to appoint a successor dissemination agent or, alternatively, agrees to assume all responsibilities of the dissemination agent under this disclosure agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the institution shall remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent. The Dissemination Agent may resign at any time by providing thirty days’ prior written notice to the institution.

SECTION 8. Amendments. An amendment to the requirements set forth in this disclosure agreement (the “requirements”) may only take effect if:

(a) The 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 type of business conducted; the Requirements, as amended, would have complied with the requirements of the Rule at the time of sale of the Series 2017 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders and/or Beneficial Owners, as determined by parties unaffiliated with the Institution (such as, but without limitation, the Institution’s financial advisor or transaction counsel) and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the “impact” (as that word is used in the letter from the SEC staff to the National Association of Bond

Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) All or any part of the Rule, as interpreted by the staff of the SEC at the date of the Series 2017 Bonds, ceases to be in effect for any reason, and the Institution elects that the Requirements shall be deemed terminated or amended (as the case may be) accordingly.

(c) In addition to subsections (a) and (b) above, this Disclosure Agreement may be amended by written agreement of the parties, without the consent of the Bondholders and/or Beneficial Owners, of the Bonds, if all of the following conditions are satisfied: (1) the Institution shall have delivered to the Trustee an opinion of Counsel, addressed to the Institution, the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff of the SEC, and (2) the Trustee shall have delivered copies of such opinion and amendment to (i) the MSRB and (ii) the Issuer. The Trustee shall so deliver such opinion and amendment within one Business Day after receipt by the Trustee.

SECTION 9. 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 agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default Venue. No Bondholder may institute any suit, action or proceeding at law or in equity (“proceeding”) for the enforcement of the Requirements (the “Undertaking”) or for any remedy for breach thereof, unless such Bondholder shall have filed with the institution evidence of ownership and a written notice of and request to cure such breach, and the institution shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in any federal or state court located in the State and for the equal benefit of all holders of the outstanding bonds benefited by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

SECTION 11. Duties, Immunities And Liabilities Of Trustee And Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the institution agrees to release the Dissemination Agent and the trustee from any claim arising out of the discharge of any duties hereunder and to defend, indemnify and save the trustee and the Dissemination Agent, 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 attorney’s fees) of defending against any claim of liability, but excluding liabilities due to the Trustee and the Dissemination Agent’s negligence or willful misconduct. The obligations of the institution under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2017 bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this disclosure agreement may be given as follows:

IF TO THE ISSUER:

City of Albany Capital Resource
Corporation 21 Lodge Street
Albany, New York 12207
Attention: Chairman

WITH A COPY TO:

Office of the Corporation Counsel
City Hall
Eagle Street – Room 106
Albany, New York 12207
Attention: William G. Kelly, Jr., Esq.

and

Hodgson Russ LLP
677 Broadway, Suite 301
Albany, New York 12207
Attention: A. Joseph Scott, III, Esq.

IF TO THE INSTITUTION:

Albany Law School of Union
University 80 New Scotland Avenue
Albany, New York 12208
Attention: Victor E. Rauscher, Vice President for Finance

WITH A COPY TO:

Bond, Schoeneck & King, PLLC
22 Corporate Woods Boulevard, Suite
501 Albany, New York 12211
Attention: Sarah Lewis Belcher, Esq.

IF TO THE TRUSTEE:

The Bank of New York Mellon, as Trustee
500 Ross Street, 12th Floor
Pittsburgh, Pennsylvania 15262
Attention: Mark Petro, Vice President

WITH A COPY TO:

Buchanan Ingersoll & Rooney
1290 Avenue of the Americas, 30th
Floor
New York, New York 10104
Attention: David Fernandez, Esq.

IF TO THE DISSEMINATION AGENT

Digital Assurance Certification, LLC
315 E. Robinson St., Suite 300
Orlando, Florida 32801
Attention: Lisa Olsen, Senior Vice President

Any person may, by written notice to the other persons noted above, designate a different address, telephone, electronic transmission, or facsimile number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Bondholders and Beneficial Owners (and the Trustee acting on behalf of Bondholders and/or Beneficial Owners), and shall create no rights in any other person or entity.

SECTION 14. Dissemination Agent Obligations. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify the content of any annual report or any other information, disclosures or notices provided to it by the issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the holders of the Series 2017 bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the issuer has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the issuer at all times.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. GOVERNING LAW. THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW. TO THE EXTENT THIS DISCLOSURE AGREEMENT ADDRESSES MATTERS OF FEDERAL SECURITIES LAW, THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

**ALBANY LAW SCHOOL OF UNION
UNIVERSITY**

By: _____
Authorized Officer

BANK OF NEW YORK MELLON, AS TRUSTEE

By: _____
Authorized Officer

DIGITAL ASSURANCE CERTIFICATION, LLC

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Albany Capital Resource Corporation
Name of Bond Issue: Tax-Exempt Revenue Bonds (Albany Law School of Union University Refunding Project), Series 2017A (the "Series 2017 Bonds")

Date of Issuance: June __, 2017

NOTICE IS HEREBY GIVEN that Albany Law School of Union University (the "Institution") has not provided an Annual Report with respect to the above-named Series 2017 Bonds as required by the Continuing Disclosure Agreement, dated as of June __, 2017 between the Institution and The Bank of New York Mellon, as trustee. The Institution anticipates that an Annual Report will be filed by _____.]

Dated: _____

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

On the date of issuance of the Initial Bonds, Hodgson Russ LLP, Albany, New York, Bond Counsel, proposes to issue its approving opinion as to the Initial Bonds, in substantially the following form:

June 22, 2017

City of Albany Capital Resource Corporation
21 Lodge Street
Albany, New York 12207

Re: City of Albany Capital Resource Corporation
Tax-Exempt Revenue Bonds
(Albany Law School of Union University Refunding Project), Series 2017A
in the aggregate principal amount of \$12,270,000

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof of the Tax-Exempt Revenue Bonds (Albany Law School of Union University Refunding Project), Series 2017A in the aggregate principal amount of \$12,270,000 (the “Initial Bonds”) by City of Albany Capital Resource Corporation (the “Issuer”) (a public instrumentality of City of Albany, New York), a New York not-for-profit corporation, created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Enabling Act”).

The Initial Bonds are being issued under and pursuant to a bond resolution adopted by the members of the Issuer on April 20, 2017, a certificate of determination dated June 22, 2017 (the “Certificate of Determination”) executed by the Chair of the Issuer and a trust indenture dated as of June 1, 2017 (the “Indenture”) by and between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”), in connection with a project (the “Project”) to be undertaken by the Issuer for the benefit of Albany Law School of Union University (the “Institution”), said Project consisting of the following: (A) the refunding of all or a portion of the following bonds previously issued by the City of Albany Industrial Development Agency (the “Prior Issuer”) on June 25, 2007: Tax-Exempt Civic Facility Revenue Bonds (Albany Law School of Union University), Series 2007A in the original aggregate principal amount of \$19,065,000 (the “Prior Bonds”), which Prior Bonds were issued for the purpose of financing a portion of the costs of a project (the “Prior Project”) consisting of the following: (1) the acquisition of an interest or interests in an approximately 8.76 acre parcel of land located at 80 New Scotland Avenue, and a portion of 1 De LaSalle Road in the City of Albany, Albany County, New York (collectively, the “Land”), together with two buildings located thereon containing approximately 220,000 square feet of space (collectively, the “Facility”), (2) the renovation and the making of upgrades to the Facility, (3) the acquisition and installation thereon and therein of various machinery and equipment (the “Equipment”) (the Land, the Facility, and the Equipment hereinafter collectively referred to as the “Project Facility”) and (4) the refunding of all or a portion of the Prior Issuer’s (a) Civic Facility Revenue Bonds (The University Heights Association, Inc. – Albany Law School Project), Series 1999A in the original aggregate principal amount of \$8,745,000 (the “1999 Bonds”) and (b) Civic Facility Revenue

Bonds (Albany Law School Project), Series 2000A in the original aggregate principal amount of \$9,520,000 (the “2000 Bonds”), which 1999 Bonds and 2000 Bonds provided financing for previously completed projects, including but not limited to, new academic buildings, surface parking and office renovation/expansion; all of the foregoing to constitute an educational facility and other directly and indirectly related activities for use by the Institution; (B) the financing of all or a portion of the costs of the foregoing by the issuance of the Initial Bonds; and (C) paying a portion of the costs incidental to the issuance of the Initial Bonds, including issuance costs of the Initial Bonds and any reserve funds as may be necessary to secure the Initial Bonds. The Issuer will make a loan to the Institution of the proceeds of the Initial Bonds (the “Loan”) for the purpose of assisting in financing the Project, and document the Loan by entering into a loan agreement dated as of June 1, 2017 (the “Loan Agreement”) between the Issuer, as lender, and the Institution, as borrower.

The Initial Bonds are dated the date hereof, are issued as fully registered bonds without coupons and mature and bear interest at the rates set forth therein. The Initial Bonds are subject to (A) optional, special and mandatory redemption prior to maturity, and (B) acceleration prior to maturity, all as set forth in the Indenture and in the Initial Bonds.

The principal of, redemption premium, if any, and interest on the Initial Bonds are payable from loan payments to be made by the Institution under the Loan Agreement. As security for the Initial Bonds, the Issuer has executed and delivered to the Trustee a pledge and assignment dated as of June 1, 2017 (the “Pledge and Assignment”) which assigns to the Trustee certain of the Issuer’s rights under the Loan Agreement.

The (A) Institution’s obligation (1) to make all Loan Payments (as defined in the Loan Agreement) under the Loan Agreement and (2) to perform all obligations related thereto and (B) Issuer’s obligation to repay the Initial Bonds will be further secured by a guaranty dated as of June 1, 2017 (the “Guaranty”) from the Institution to the Trustee.

As additional security for the Initial Bonds, the Institution will execute and deliver a pledge and security agreement dated as of June 1, 2017 (the “Pledge and Security Agreement”) from the Institution to the Trustee, pursuant to which, among other things, the Institution grants to the Trustee a security interest in all interest of the Institution in the Gross Revenues (as defined in the Pledge and Security Agreement) of the Institution.

We have examined a specimen Initial Bond and executed counterparts of the Indenture, the Loan Agreement and the Pledge and Assignment (collectively, the “Issuer Documents”) and a certain tax regulatory agreement dated the date hereof from the Institution to the Trustee and the Issuer (the “Tax Regulatory Agreement”) and such certified proceedings and such other documents as we deemed necessary to render this opinion.

With respect to the due authorization, execution and delivery by the Institution of the agreements to which it is a party, we have relied on the opinion of Bond, Schoeneck & King, PLLC, counsel to the Institution. With respect to the due authorization, execution and delivery by The Bank of New York Mellon (both 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 have relied on the opinion of Buchanan Ingersoll & Rooney, counsel to the Trustee.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. Furthermore, in rendering the following opinions, we have assumed that all documents executed by a person or persons other than the Issuer were duly executed and delivered by

said other person or persons and that said documents constitute legal, valid and binding obligations of said person or persons enforceable against said person or persons in accordance with their terms.

In rendering the opinions expressed in paragraphs (D) and (E) below, we note that the exclusion of the interest on the Initial Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations thereunder (collectively, the “Tax Requirements”). In our opinion, the Tax Regulatory Agreement and the other Financing Documents (as defined in the Indenture) establish requirements and procedures, compliance with which will satisfy the Tax Requirements. It should be noted, however, that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Initial Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the Institution.

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained herein, we are of the opinion, as of the date hereof and under existing law, as follows:

(A) The Issuer was duly created and is validly existing as a not-for-profit corporation under the laws of the State of New York with the corporate power to enter into and perform its obligations under the Issuer Documents and to issue the Initial Bonds.

(B) The Issuer Documents have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as specified below.

(C) The Initial Bonds have been duly authorized, executed and delivered by the Issuer and, assuming due authentication thereof by the Trustee, are valid and binding special obligations of the Issuer payable with respect to the Issuer solely from the revenues derived by the Issuer from the revenues derived from the Loan Agreement.

(D) (1) The interest on the Initial Bonds is excludable from gross income for federal income tax purposes and is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Code; provided, however, that (a) the Institution or another Person, by failing to comply with the Tax Requirements, may cause interest on the Initial Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Initial Bonds is included in determining (i) the tax base for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) under Section 56 of the Code, and the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code, (ii) passive investment income for purposes of computing the tax on net passive income imposed on certain subchapter S corporations under Section 1375 of the Code, and (iii) the modified adjusted gross income of a taxpayer for purposes of computing the portion of Social Security or Railroad Retirement benefits included in gross income under Section 86 of the Code.

(2) The original issue discount in the selling price of certain maturities of the Initial Bonds, to the extent properly allocable to each holder of such Initial Bonds, is excludable from gross income for federal income tax purposes with respect to such holder. The original issue discount is the difference between the initial offering price by the underwriters to the public of the Initial Bonds initially sold at a discount (as adjusted to reflect the accretion of original issue discount to the date of original delivery) and the principal amount of such Initial Bonds. Under published rulings of the Internal Revenue Service, the original issue discount is generally

apportioned among the original and succeeding holders of a tax-exempt bond so that each holder is entitled to treat as tax-exempt interest (and not as capital gain) that portion of the original issue discount which the number of days the bond is owned by him bears to the total number of days from the date of issuance of the bond to its stated maturity. In the event a bond is called for optional redemption, the rulings indicate that the original issue discount which would otherwise have accrued between the redemption date and the stated maturity is not allocated to any holder. There is no published ruling as to the treatment of original issue discount in the case of mandatory redemption of a tax-exempt bond.]

(E) The Initial Bonds do not constitute “arbitrage bonds”, within the meaning of Section 148 of the Code, except as specified below.

(F) So long as interest on the Initial Bonds is excluded from gross income for federal income tax purposes, the interest on the Initial 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).

(G) The Initial Bonds do not constitute a debt of the State of New York or of the City of Albany, New York, and neither the State of New York nor the City of Albany, New York is liable thereon.

We call your attention to the fact that the Institution or another person, by failing to comply with the Tax Requirements as set forth in the Code and the Tax Regulatory Agreement, may cause interest on the Initial Bonds to become subject to federal income taxation from the date hereof. We express no opinion regarding other federal tax consequences arising with respect to the Initial Bonds.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy, and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the validity, binding effect or enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors’ rights and remedies generally or (B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

We express no opinion with respect to (A) title to all or any portion of the Prior Project, (B) the priority of any liens, charges, security interests or encumbrances affecting the Prior Project or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to the Prior Project or the priority of any such lien, charge, security interest or encumbrance), (C) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or requirements for the physical commencement and continuance of the construction, reconstruction, installation, occupancy or operation of the Prior Project or with respect to the requirements of filing or recording of any of the Financing Documents, or (D) the laws of any jurisdiction other than the State of New York and other than the securities and the tax laws of the United States of America.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the other Financing 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. No opinion with respect to the exclusion of interest on the Initial Bonds from gross income for federal income tax purposes is expressed herein as to the Initial Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Hodgson Russ LLP.

The scope of our engagement has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Institution or the Project Facility other than specifically hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Initial Bonds.

Our opinions set forth herein are based upon the facts in existence and the laws in effect on the date hereof and we expressly disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof

We have rendered this opinion solely for your benefit and this opinion may not be relied upon by, nor copies hereof delivered to, any other person without our prior written approval.

Very truly yours,

HODGSON RUSS LLP

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