

*In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the Issuer and the College as described herein, interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2017 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that interest on the Series 2017 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof, assuming compliance with certain tax covenants and the accuracy of certain representations and certifications as described herein. See "Tax Matters" herein regarding certain other tax considerations.*



**\$43,250,000**  
**TOWN OF HEMPSTEAD**  
**LOCAL DEVELOPMENT CORPORATION**  
**REVENUE REFUNDING BONDS, SERIES 2017**  
**(MOLLOY COLLEGE PROJECT)**

**Dated:** Date of Delivery

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

The above-referenced bonds (the "Series 2017 Bonds") are special obligations payable solely out of the revenues or other receipts, funds or monies of the Town of Hempstead Local Development Corporation (the "Issuer") pledged therefor or otherwise available to U.S. Bank National Association, as trustee (the "Trustee"), for the payment thereof, including those derived under a certain Loan Agreement, dated as of July 1, 2017 (the "Series 2017 Loan Agreement"), between the Issuer and Molloy College (the "College").

Capitalized terms used in this Official Statement (including this cover page) shall have the meanings ascribed to such terms in Appendix C hereto unless otherwise specified herein.

The Series 2017 Bonds are issuable only in fully registered form, without coupons, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2017 Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 2017 Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Series 2017 Bonds. See "THE SERIES 2017 BONDS - Book-Entry Only System" herein.

The Series 2017 Bonds will be dated and will bear interest from the date of delivery thereof. Interest on the Series 2017 Bonds will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2018. Principal of, premium, if any, and interest on the Series 2017 Bonds will be paid directly to DTC by U.S. Bank National Association, as Trustee and Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The Series 2017 Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

**THE SERIES 2017 BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER AND NEITHER THE STATE OF NEW YORK, NOR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK) IS OBLIGATED TO PAY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF NEW YORK OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE TOWN OF HEMPSTEAD, NEW YORK) IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2017 BONDS. THE SERIES 2017 BONDS ARE PAYABLE SOLELY FROM AND ARE SECURED BY RECEIPTS AND REVENUES OF THE ISSUER UNDER THE SERIES 2017 LOAN AGREEMENT AND OTHER MONIES AVAILABLE THEREFOR AS DESCRIBED HEREIN. THE ISSUER HAS NO TAXING AUTHORITY.**

The Series 2017 Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriter subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the College by its counsel, Cullen and Dykman LLP, Garden City, New York and its Special Counsel, Farrell Fritz, P.C., Uniondale, New York, for the Issuer by its counsel, Ryan, Brennan & Donnelly LLP, Floral Park, New York and for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the Series 2017 Bonds in definitive form will be available for delivery through the facilities of DTC on or about July 7, 2017, in New York, New York, against payment therefor.

**J.P. Morgan**

**\$43,250,000**  
**TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION**  
**REVENUE REFUNDING BONDS, SERIES 2017**  
**(MOLLOY COLLEGE PROJECT)**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

Year (July 1)	Principal Amount	Interest Rate	Yield	CUSIP Number*
2018	\$1,195,000	3.00%	1.16%	424682HD7
2019	1,190,000	4.00	1.34	424682HE5
2020	1,235,000	5.00	1.48	424682HF2
2021	1,295,000	5.00	1.64	424682HG0
2022	1,365,000	5.00	1.82	424682HH8
2023	1,435,000	5.00	1.98	424682HJ4
2024	1,500,000	5.00	2.15	424682HK1
2025	1,575,000	5.00	2.31	424682HL9
2026	1,660,000	5.00	2.50	424682HM7
2027	1,740,000	5.00	2.64	424682HN5
2028	1,825,000	5.00	2.77 <sup>†</sup>	424682HP0
2029	1,915,000	5.00	2.85 <sup>†</sup>	424682HQ8
2030	2,015,000	5.00	2.93 <sup>†</sup>	424682HR6
2031	2,115,000	5.00	3.00 <sup>†</sup>	424682HS4
2032	2,220,000	5.00	3.07 <sup>†</sup>	424682HT2
2033	2,330,000	5.00	3.14 <sup>†</sup>	424682HU9
2034	2,445,000	5.00	3.20 <sup>†</sup>	424682HV7
2035	2,565,000	5.00	3.25 <sup>†</sup>	424682HW5
2036	2,695,000	5.00	3.28 <sup>†</sup>	424682HX3
2037	2,835,000	5.00	3.29 <sup>†</sup>	424682HY1
2038	2,975,000	5.00	3.30 <sup>†</sup>	424682HZ8
2039	3,125,000	5.00	3.31 <sup>†</sup>	424682JA1

\* CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

<sup>†</sup> Priced to the first optional call on July 1, 2027.

TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION  
(State of New York)  
350 Front Street, 2nd Floor  
Hempstead, New York 11550

Chairman	Arthur J. Nastre, Esq.
Vice Chairman	William Hendrick, Esq.
Treasurer	Florestano Girardi
Secretary	Rev. Dr. Eric C. Mallette
Member	John R. Ferretti, Jr., Esq.
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New York, New York

UNDERWRITER  
J.P. Morgan Securities LLC  
New York, New York

No person has been authorized to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon, as having been authorized by the Issuer, the College, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2017 Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which it is unlawful to make such offer, solicitation or sale. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2017 Bonds. The information set forth herein has been obtained from the Issuer, the College and other sources believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriter. Statements contained in this Official Statement which involve estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the College since the date hereof.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the amount of revenue collected by the College include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the College. Such forward-looking statements speak only as of the date of this Official Statement. The Issuer and the College disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the College’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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 THE EXEMPTIONS CONTAINED IN SUCH ACTS.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2017 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2017 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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## **OFFICIAL STATEMENT**

**\$43,250,000**

**TOWN OF HEMPSTEAD LOCAL DEVELOPMENT CORPORATION  
REVENUE REFUNDING BONDS, SERIES 2017  
(MOLLOY COLLEGE PROJECT)**

### **INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, inside cover page, the Table of Contents and the Appendices hereto, is to furnish certain information with respect to the issuance by the Town of Hempstead Local Development Corporation (the “Issuer”) of its Revenue Refunding Bonds, Series 2017 (Molloy College Project) in the aggregate principal amount of \$43,250,000 (the “Series 2017 Bonds”). The Series 2017 Bonds are being issued pursuant to a certain Indenture of Trust, dated as of November 1, 2009 (the “Original Indenture”), entered into by and between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of November 1, 2014 (the “First Supplemental Indenture”), entered into by and between the Issuer and the Trustee, and as further amended and supplemented by a Second Supplemental Indenture of Trust, dated as of July 1, 2017 (the “Second Supplemental Indenture” and together with the Original Indenture and the First Supplemental Indenture, the “Indenture”), entered into by and between the Issuer and the Trustee.

Reference is hereby made to the Indenture for a description of the property pledged, assigned and otherwise available for the payment of the Series 2017 Bonds, the provisions, among others, with respect to the nature and extent of the security for the Series 2017 Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Owners of the Series 2017 Bonds, and the terms upon which the Series 2017 Bonds are issued and secured. Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned thereto in “APPENDIX C - Schedule of Definitions and Summary of Documents”.

The Series 2017 Bonds are authorized to be issued pursuant to the New York Membership Corporation law as in effect in 1966, as superseded by Section 1411 of the New York Not-For-Profit Corporation Law (the “Act”), the inducement resolution of the Issuer adopted on April 27, 2017 and the authorizing resolution of the Issuer adopted on May 18, 2017 (collectively, the “Issuer Resolution”).

A portion of the proceeds of the Series 2017 Bonds, together with other available funds of Molloy College (the “College”) are being used to (I) refund the Issuer’s Revenue Bonds, Series 2009 (Molloy College Project) (the “Series 2009 Bonds”), which were issued to, among other things, finance and refinance the costs of certain facilities located on portions of the College’s approximately 24-acre campus located at 1000 Hempstead Avenue, in the Village of Rockville Centre, Town of Hempstead, Nassau County, New York (the “Campus”), consisting of (A) the acquisition, construction, furnishing and equipping of (i) an approximately 36,000 square foot residence hall, (ii) an approximately 59,000 square foot campus center and associated parking area, and (iii) an approximately 6,000 square foot two-story maintenance building, and (B) the renovation and improvement of various walkways, parking areas, landscaped areas and

courtyards located on the Campus (collectively, the “Series 2009 Facility”), and (II) pay costs of issuance of the Series 2017 Bonds (clauses (I) and (II) are collectively the “Series 2017 Project”).

The Series 2017 Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments derived from a certain Loan Agreement, dated as of July 1, 2017 (the “Series 2017 Loan Agreement”), between the Issuer and the College, and pledged to the Trustee under the terms of the Indenture and as otherwise provided in the Indenture. The payment of the principal of, Redemption Price of and interest on the Series 2017 Bonds is an unconditional obligation of the College and will be secured by the Series 2017 Mortgage (as defined below) and a pledge of Gross Revenues (as defined below).

The Issuer has previously issued under the Original Indenture and the First Supplemental Indenture the Series 2009 Bonds and the Issuer’s Revenue Bonds, Series 2014 (Molloy College Project) (the “Series 2014 Bonds”) (the Series 2009 Bonds and the Series 2014 Bonds, together with the Series 2017 Bonds and any Additional Bonds (as defined herein), the “Bonds”). As of March 24, 2017, \$46,080,000 principal amount of Series 2009 Bonds was outstanding, and \$1,035,000 principal amount of which will mature on July 1, 2017. The remaining \$45,045,000 principal amount of Series 2009 Bonds is expected to be defeased upon the issuance of the Series 2017 Bonds. The Series 2014 Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments derived from a certain Loan Agreement, dated as of November 1, 2014 (the “Series 2014 Loan Agreement”), between the Issuer and the College, and pledged to the Trustee under the terms of the Original Indenture and the First Supplemental Indenture. As of March 24, 2017, \$30,000,000 principal amount of Series 2014 Bonds was outstanding. The Series 2017 Bonds will be secured on a parity basis with the Series 2014 Bonds and all other Bonds to be issued under the terms of the Indenture.

The principal of, Redemption Price of and interest on the Series 2017 Bonds shall not constitute or give rise to an obligation of the State of New York (the “State”) or any municipality or subdivision thereof (including, without limitation, the Town of Hempstead, New York) and neither the State nor any municipality or political subdivision thereof (including, without limitation, the Town of Hempstead, New York) shall be liable thereon, and further such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute special obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the Series 2017 Loan Agreement (except for Unassigned Rights).

The Series 2017 Bonds will bear interest payable on each January 1 and July 1, commencing January 1, 2018, (each a “Debt Service Payment Date”) to the Owner in whose name each Series 2017 Bond is registered at the close of business on the Record Date with respect to such Debt Service Payment Date (1) by check or draft mailed on the Debt Service Payment Date to each registered Owner, or (2) by wire transfer on the Debt Service Payment Date to each Owner of at least \$500,000 in aggregate principal amount of Series 2017 Bonds, upon written notice provided by the Owner to the Trustee not later than five (5) days prior to the Record Date for such Debt Service Payment Date. Except as provided in the Series 2017 Bonds and the Indenture, payment of interest upon redemption of any Series 2017 Bond shall be made only upon presentation and surrender of such Series 2017 Bond as provided in the Indenture,

irrespective of any transfer or exchange of such Series 2017 Bond subsequent to such Record Date and prior to such Debt Service Payment Date. See “THE SERIES 2017 BONDS”.

Pursuant to the Indenture, all payments due from the College to the Issuer under the Series 2017 Loan Agreement (except for Unassigned Rights and except for the moneys and investments from time to time in the Rebate Fund, established under the Indenture) are assigned by the Issuer to the Trustee to secure the payment of the principal or Redemption Price of and interest on the Series 2017 Bonds.

Payments under the Series 2017 Loan Agreement are to be made by the College to the Trustee in amounts sufficient, together with any moneys then held by the Trustee and available for such purpose, to pay the principal or Redemption Price of, and interest on the Series 2017 Bonds as the same become due, whether at maturity, upon redemption or by acceleration or otherwise. The payments under the Series 2017 Loan Agreement are an absolute and unconditional obligation of the College.

Pursuant to a certain Tax Regulatory Agreement, dated the date of issuance of the Series 2017 Bonds, between the College and the Issuer, the College has made various covenants (i) in connection with the preservation of the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes and (ii) for purposes of compliance with the arbitrage rebate requirements set forth in the Treasury Regulations. See “TAX MATTERS”.

Brief descriptions follow of the Issuer, the Plan of Finance, Estimated Sources and Uses of Funds, the Series 2017 Bonds, Debt Service Requirements on the Series 2017 Bonds, Security for the Series 2017 Bonds, the College, Negotiability, Tax Matters, Auditors, Absence of Litigation, Underwriting, Rating, Legality for Investment, Legal Matters and Secondary Market Disclosure. Appendix B contains the Audited Financial Statements of the College for the year ended June 30, 2016 (with summarized comparative totals as of and for the year ended June 30, 2015). Appendix C contains a Schedule of Definitions used herein and summaries of each of the Indenture and the Series 2017 Loan Agreement. Appendix D contains a form of the opinion of Bond Counsel which Nixon Peabody LLP, New York, New York, proposes to render upon the delivery of the Series 2017 Bonds. Appendix E contains a form of the Continuing Disclosure Undertaking to be entered into by the College and the Trustee. The descriptions and summaries previously listed do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the respective documents and to “APPENDIX C - Schedule of Definitions and Summary of Documents.” All such descriptions and summaries are further qualified in their entirety by reference to bankruptcy laws, insolvency or other laws or enactments now or hereafter enacted by the State or the United States relating to or affecting generally the enforcement of creditor’s rights and the availability of equitable remedies, and to the extent, if any, that enforceability of the indemnification and contribution provisions of the Bond Documents may be limited by law. Insofar as any statements are made in this Official Statement involving matters of opinion, regardless of whether so stated, they are intended merely as such and not as representations of fact. Copies of the Bond Documents may be obtained, upon written request, from the Underwriter during the offering period and, after the initial delivery of the Series 2017 Bonds, at the corporate trust office of the Trustee located at 100 Wall Street, Suite 1600, New York, New York 10005 (the “Office of the Trustee”).

The information appearing in this Official Statement relating to the Series 2017 Project, the use of the Series 2017 Bond proceeds and the College has been furnished by the College, and neither the Issuer nor the Underwriter makes any representation or warranty as to the accuracy or completeness of such information.

### **THE ISSUER**

The Issuer was established in 1966, as a local development corporation pursuant to the Act for the purpose of promoting the economic welfare of the inhabitants of the Town of Hempstead and promoting, attracting, encouraging and developing economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration. The Town of Hempstead, New York (the "Town") is the sole member of the Issuer. The Town as the sole member of the Issuer, acting through the Town Board, appoints the Board of Directors of the Issuer.

As provided in the Act, the Issuer is authorized and empowered to (i) make a loan to the College pursuant to the Series 2017 Loan Agreement; (ii) issue, execute and deliver the Series 2017 Bonds; (iii) secure the Series 2017 Bonds by a pledge of the moneys payable by the College under the Series 2017 Loan Agreement; and (iv) enter into the Bond Documents in connection with the Series 2017 Bonds.

By adopting the Issuer Resolution, the Issuer has taken official action relating to the issuance of the Series 2017 Bonds. The Issuer has held the required public hearing, in compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the issuance of the Series 2017 Bonds, following the timely publication of notice of the hearing. In addition, the Supervisor of the Town of Hempstead, New York has approved the issuance of the Series 2017 Bonds, as required by the Code.

The Board of Directors of the Issuer is presently composed of members appointed by the Town of Hempstead. The names and positions of the current members of the Issuer are as follows:

<b><u>Position</u></b>	<b><u>Name</u></b>
Chairman	Arthur J. Nastre, Esq.
Vice Chairman	William Hendrick, Esq.
Treasurer	Florestano Girardi
Secretary	Rev. Dr. Eric C. Mallette
Member	John R. Ferretti, Jr., Esq.
Member	Gerilyn Smith
Member	Vacant

The Executive Director and Chief Executive Officer and the Deputy Executive Director and Chief Financial Officer of the Issuer are appointed by the Board of Directors of the Issuer. The Executive Director and Chief Executive Officer of the Issuer is Frederick E. Parola, Esq. and the Deputy Executive Director and Chief Financial Officer of the Issuer is Edith M. Longo.

## THE COLLEGE

Founded in 1955 by the Dominican Sisters of Amityville, Molloy College (“Molloy” or the “College”) is an independent, co-educational, non-profit institution of higher education, organized and existing under the laws of the State of New York. The College is located on approximately 24 acres in Rockville Centre, New York and includes classrooms, labs, offices, a gym, a theater, a cafeteria and a library. The campus offers more than 358,030 gross square feet of building space in seven major buildings. For the fall term of the 2016-2017 school year, the College enrolled 3,400 undergraduate, 1,024 graduate and 31 Ph.D. students. For more information about the College, see “APPENDIX A – Information Pertaining to Molloy College.”

## PLAN OF FINANCE

The Series 2017 Bonds are being issued for the purposes of refunding the Series 2009 Bonds, paying certain costs of issuance of the Series 2017 Bonds. See “APPENDIX A – Information Pertaining to Molloy College – Purpose of the Series 2017 Bonds.”

## ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds. The payment of additional costs related to the Series 2017 Project or with respect to the issuance of the Series 2017 Bonds will be paid from the College’s own funds.

### Sources of Proceeds

Principal Amount of Series 2017 Bonds	\$ 43,250,000.00
Plus Net Original Issue Premium	6,692,141.90
Plus Series 2009 Debt Service Funds	<u>1,370.46</u>
Total Sources	<u>\$ 49,943,512.36</u>

### Uses of Proceeds

Deposit to Defeasance Escrow Account	\$ 48,924,645.43
Underwriter’s Discount	346,000.00
Costs of Issuance *	<u>672,866.93</u>
Total Uses	<u>\$ 49,943,512.36</u>

\* Including, but not limited to, fees of the Issuer, attorneys’ fees, rating agency fees and trustee fees.

## THE SERIES 2017 BONDS

### Description of the Series 2017 Bonds

The following is a summary of certain provisions of the Series 2017 Bonds and should not be considered a full statement thereof. Reference is made to the Indenture (including the

form of Series 2017 Bond) for the detailed provisions thereof and the discussion herein is qualified by such reference.

### **General Provisions**

The Series 2017 Bonds are dated the date of delivery. The Series 2017 Bonds mature on July 1 of the years and bear interest at the rates set forth on the inside front cover page hereof, and are issuable in the form of fully registered Series 2017 Bonds without coupons in minimum denominations of \$5,000 or integral multiples thereof. The Series 2017 Bonds will bear interest, computed on the basis of a 360 day year of twelve 30-day months, from the date of delivery, payable on January 1 and July 1 of each year, commencing on January 1, 2018 (each a “Debt Service Payment Date”).

Interest on Series 2017 Bonds due on any Debt Service Payment Date shall be payable to the Owner in whose name each Series 2017 Bond is registered at the close of business on the Record Date with respect to such Debt Service Payment Date by (1) check mailed on the Debt Service Payment Date to the Owner or (2) by wire transfer on the Debt Service Payment Date to each Owner of not less than \$500,000 in aggregate principal amount of Series 2017 Bonds, upon written notice provided by each Owner to the Trustee not later than five (5) days prior to the Record Date for such Debt Service Payment Date, except that payment of interest on redemption of any Series 2017 Bonds shall be made only upon presentation and surrender of such Series 2017 Bond as provided in the Indenture, irrespective of any transfer or exchange of such Series 2017 Bond subsequent to such Record Date and prior to such Debt Service Payment Date, unless the Issuer shall default in the payment of interest due on such Debt Service Payment Date. In the event of any such default, such defaulted interest shall be payable to the Person in whose name such Series 2017 Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by or on behalf of the Issuer to the Owners of Series 2017 Bonds not less than fifteen (15) days preceding such special record date. Such notices shall be mailed to the Persons in whose name the Series 2017 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of interest on Series 2017 Bonds by mail will be made to the registered address of the Person entitled thereto.

Payment of the principal and, in the case of any Series 2017 Bonds redeemed prior to maturity, payment of the Redemption Price, if any, and interest accrued to the redemption date, shall be made, upon presentation and surrender at the principal corporate trust office of the Trustee, or at the office designated for such payment by any successor trustee or paying agent or at such other place as may be agreed upon in advance by the Trustee and the Owner of a Series 2017 Bond. The principal, Redemption Price of, and interest on the Series 2017 Bonds are payable in lawful money of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

### **Redemption Prior to Maturity**

The Series 2017 Bonds are subject to optional, mandatory and extraordinary redemption prior to their stated maturity as described below.

Optional Redemption. The Series 2017 Bonds maturing on or after July 1, 2028 are subject to redemption prior to maturity by the Issuer, at the option of the College, on or after July 1, 2027, in whole at any time or in part on any Debt Service Payment Date, at the Redemption Prices equal to 100% of the principal amount thereof plus accrued interest. The College may direct such optional redemption of the Series 2017 Bonds only if the College shall have prepaid an amount under the Series 2017 Loan Agreement and Promissory Note equal to the Redemption Price of the Series 2017 Bonds to be redeemed.

Mandatory Taxability Redemption. The Series 2017 Bonds shall be redeemed in whole as soon as practicable after the occurrence of an Event of Taxability and the receipt by the Trustee of written notice from any Owner or the College of the occurrence of an Event of Taxability (but in no event later than one hundred twenty (120) days following the date a Responsible Officer of the Trustee is notified of an Event of Taxability), at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date.

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

In the case of Series 2017 Bonds to be redeemed at the election or direction of the Issuer, the Issuer (at the direction of the College) will select the maturities and principal amounts of Series 2017 Bonds to be redeemed or, if the Issuer does not provide any such direction in writing to the Trustee, the principal amount of such Series 2017 Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2017 Bonds to be redeemed and by lot within a maturity. In the event that redemption of Series 2017 Bonds is made in an amount less than the amount of all Series 2017 Bonds having the same maturity, all Series 2017 Bonds having the same maturity shall be redeemed pro rata.

### **Notice of Redemption**

When Series 2017 Bonds are to be redeemed pursuant to the Indenture, the Trustee shall give notice of the redemption of the Series 2017 Bonds in the name of the Issuer stating: (i) the Series 2017 Bonds to be redeemed; (ii) the Redemption Date; (iii) that such Series 2017 Bonds will be redeemed at the Office of the Trustee; (iv) that on the Redemption Date there shall become due and payable upon each Series 2017 Bond to be redeemed the Redemption Price thereof, together with interest accrued to the Redemption Date; and (v) that from and after the Redemption Date interest thereon shall cease to accrue.

Notice of redemption required by the Indenture shall be given by mailing at least thirty (30) days and not more than sixty (60) days prior to such Redemption Date to the Owner of each Series 2017 Bond to be redeemed at the address shown on the registration books; provided, however, that the failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Series 2017 Bonds.

If notice of redemption shall have been given as described above, the Series 2017 Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Series 2017 Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to

the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2017 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Series 2017 Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Series 2017 Bonds so called for redemption at the place or places of payment, such Series 2017 Bonds shall be redeemed.

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

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2017 Bonds, payment of interest and other payments on the Series 2017 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2017 Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners is based on certain information furnished by DTC. Accordingly, neither the Issuer, the College, the Underwriter nor the Trustee makes any representations concerning these matters.

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2017 Bond certificate will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory 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 maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Redemption Price, 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 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, the College 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The Trustee and the Issuer may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2017 Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2017 Bonds, giving any notice permitted or required to be given to registered owners, registering the transfer of the Series 2017 Bonds, obtaining consent or other action to be taken by registered owners and for all other purposes whatsoever. Conveyance of notices and other communications by DTC to Participants, by DTC to Indirect Participants and by Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

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

NONE OF THE ISSUER, THE COLLEGE OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2017 BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OF SERIES 2017 BONDS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2017 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF SERIES 2017 BONDS.

DTC may discontinue providing its service with respect to the Series 2017 Bonds at any time by giving notice to the Trustee and the Issuer and discharging its responsibilities with respect thereto under applicable law, or the Issuer may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Issuer may retain another securities depository for the Series 2017 Bonds or may authenticate and deliver Series 2017 Bonds in the form of fully registered bond certificates in accordance with instructions from DTC or its successor. If the Issuer delivers such bond certificates, principal of

the Series 2017 Bonds, and any premium, if applicable, would be payable in lawful money of the United States of America at such office as may be designated by the Issuer and interest on the Series 2017 Bonds will be payable by wire transfer or by check mailed to the respective addresses of the registered owners thereof as shown on the registration books of the Issuer as of the close of business on the last day of the calendar month preceding the applicable interest payment date.

## ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for the period ending July 1 of each year, the debt service on the Series 2014 Bonds and the Series 2017 Bonds. The following table does not include debt service on the Series 2009 Bonds, which are expected to be defeased upon the issuance of the Series 2017 Bonds.

Twelve-Month Period Ending July 1	Total Debt Service on the Series 2014 Bonds	Series 2017 Bonds			Total Debt Service on the Bonds
		Principal Payments	Interest Payments	Total Debt Service	
7/1/2018	\$2,050,000	\$1,195,000	\$2,091,255	\$3,286,255	\$5,336,255
7/1/2019	2,047,500	1,190,000	2,090,850	3,280,850	5,328,350
7/1/2020	2,048,750	1,235,000	2,043,250	3,278,250	5,327,000
7/1/2021	2,048,500	1,295,000	1,981,500	3,276,500	5,325,000
7/1/2022	2,051,750	1,365,000	1,916,750	3,281,750	5,333,500
7/1/2023	2,048,250	1,435,000	1,848,500	3,283,500	5,331,750
7/1/2024	2,048,250	1,500,000	1,776,750	3,276,750	5,325,000
7/1/2025	2,051,500	1,575,000	1,701,750	3,276,750	5,328,250
7/1/2026	2,047,750	1,660,000	1,623,000	3,283,000	5,330,750
7/1/2027	2,047,250	1,740,000	1,540,000	3,280,000	5,327,250
7/1/2028	2,049,750	1,825,000	1,453,000	3,278,000	5,327,750
7/1/2029	2,050,000	1,915,000	1,361,750	3,276,750	5,326,750
7/1/2030	2,048,000	2,015,000	1,266,000	3,281,000	5,329,000
7/1/2031	2,048,750	2,115,000	1,165,250	3,280,250	5,329,000
7/1/2032	2,047,000	2,220,000	1,059,500	3,279,500	5,326,500
7/1/2033	2,047,750	2,330,000	948,500	3,278,500	5,326,250
7/1/2034	2,050,750	2,445,000	832,000	3,277,000	5,327,750
7/1/2035	2,045,750	2,565,000	709,750	3,274,750	5,320,500
7/1/2036	2,048,000	2,695,000	581,500	3,276,500	5,324,500
7/1/2037	2,047,000	2,835,000	446,750	3,281,750	5,328,750
7/1/2038	2,047,750	2,975,000	305,000	3,280,000	5,327,750
7/1/2039	2,050,000	3,125,000	156,250	3,281,250	5,331,250
7/1/2040	2,048,500				2,048,500
7/1/2041	2,048,250				2,048,250
7/1/2042	2,049,000				2,049,000
7/1/2043	2,050,500				2,050,500
7/1/2044	2,047,500				2,047,500

## **SECURITY FOR THE SERIES 2017 BONDS**

The principal or Redemption Price of, and interest on the Series 2017 Bonds are payable solely from (i) the moneys payable by the College under the Series 2017 Loan Agreement and (ii) all moneys and obligations which are deposited or required to be deposited in the appropriate sub-accounts of the Bond Fund, the Project Fund or any other fund established under the Indenture (except the Rebate Fund).

Pursuant to the Indenture, the Issuer will pledge and assign to the Trustee a security interest in certain moneys due or to become due, and certain other rights and remedies of the Issuer, under or arising out of the Series 2017 Loan Agreement (except for certain rights specially reserved to the Issuer, the “Unassigned Rights”). The College’s obligation to make payments under the Series 2017 Loan Agreement is an unconditional obligation of the College, and is secured as described below.

### **Series 2017 Loan Agreement**

The Series 2017 Loan Agreement obligates the College to make monthly payments to the Trustee in amounts sufficient to pay, among other things, the College’s allocable portion of the principal of, and interest on, the Outstanding Bonds as they become due. With respect to the Series 2017 Bonds, each payment will be equal to one-sixth of the interest coming due on the next Debt Service Payment Date and one-twelfth of the principal payment coming due on the next Debt Service Payment Date.

### **Series 2017 Mortgage**

The College’s obligation to make payments under the Series 2017 Loan Agreement is secured by the Mortgage and Security Agreement, dated as of July 1, 2017, from the College to the Issuer (the “Series 2017 Mortgage”) relating to certain property of the College. The Series 2017 Mortgage is on a parity with the Building Loan Mortgage and Security Agreement, dated as of November 1, 2014, from the College to the Issuer and the Project Loan Mortgage and Security Agreement, dated as of November 1, 2014, from the College to the Issuer (collectively, the “Series 2014 Mortgage”) relating to certain property of the College and securing the College’s obligation to make payments under the Series 2014 Loan Agreement. The mortgages securing the College’s obligation to make payments with respect to the Series 2009 Bonds will be terminated upon the defeasance of the Series 2009 Bonds. There has not been any recent appraisal of the Mortgaged Property and the value of the Mortgaged Property may be less than the aggregate principal amount of the Series 2014 Bonds and Series 2017 Bonds at the time of issuance of the Series 2017 Bonds. The Issuer has assigned the Series 2014 Mortgage to the Trustee and will assign the Series 2017 Mortgage to the Trustee upon the issuance of the Series 2017 Bonds. See “APPENDIX A – Information Pertaining to Molloy College – Mortgaged Property.”

### **Gross Revenues**

The College’s obligation to make payments under the Series 2017 Loan Agreement is also secured by a pledge of its Gross Revenues pursuant to the Series 2017 Loan Agreement and the Series 2017 Mortgage on a parity with the pledge granted under the Series 2014 Loan

Agreement and the Series 2014 Mortgage. The College has agreed in the Series 2014 Loan Agreement and the Series 2017 Loan Agreement to (i) deposit all Gross Revenues in an account with a financial institution that has executed an account control agreement with the College and the Trustee, and (ii) take all action reasonably required to maintain a continuing first priority security interest in and to such account free and clear of any other Liens.<sup>1</sup>

### **Outstanding Bonds**

The Issuer has previously issued the Series 2009 Bonds and the Series 2014 Bonds under the Original Indenture and the First Supplemental Indenture. As of March 24, 2017, \$46,080,000 principal amount of Series 2009 Bonds was outstanding, and \$1,035,000 principal amount of which will mature on July 1, 2017. The remaining \$45,045,000 principal amount of Series 2009 Bonds is expected to be defeased upon the issuance of the Series 2017 Bonds. As of March 24, 2017, \$30,000,000 principal amount of the Series 2014 Bonds was outstanding. The Bonds, including the Series 2014 Bonds and the Series 2017 Bonds, are special obligations of the Issuer and payment of principal of, Redemption Price of, and interest on the Bonds is an unconditional obligation of the College and will be secured on a parity basis by the Series 2014 Mortgage and the Series 2017 Mortgage and a pledge of Gross Revenues.

### **Additional Bonds**

The Indenture provides that additional bonds (“Additional Bonds”) may be issued thereunder and such Additional Bonds will be secured on a parity with the outstanding Bonds, including the Series 2017 Bonds. Conditions to the issuance of Additional Bonds include but are not limited to: (i) that the College enter into a loan agreement relating to the payment of such Additional Bonds and (ii) that the College satisfies the provisions of the Series 2014 Loan Agreement and the Series 2017 Loan Agreement relating to the issuance of additional Indebtedness.

### **Additional Indebtedness**

Pursuant to the Series 2017 Loan Agreement, the College may incur Long-Term Indebtedness (including relating to Additional Bonds and including that secured by a parity or subordinate lien on the Mortgaged Property and/or the Gross Revenues), provided that the Maximum Annual Debt Service on all outstanding Long-Term Indebtedness (including the Series 2014 Bonds, the Series 2017 Bonds, any Additional Bonds and such additional Long-Term Indebtedness) shall not exceed 10% of the College’s unrestricted revenues, gains and other support determined in accordance with generally accepted accounting principles in the last completed fiscal year of the College for which financial statements are available. The College may also incur up to \$5,000,000 of Short-Term Indebtedness provided that such Short-Term

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<sup>1</sup> The College entered into a Deposit Account Control Agreement, dated as of November 14, 2014 (the “2014 Account Control Agreement”), with the Trustee and Valley National Bank. Beginning January 1, 2017, the College gradually ceased depositing Gross Revenues into the account held by Valley National Bank, which account remains the subject of the 2014 Account Control Agreement, and gradually commenced depositing Gross Revenues into certain accounts held by Signature Bank (collectively, the “Signature Bank Account”) without entering into an account control agreement with the Trustee and Signature Bank. On May 31, 2017, the College entered into a control account agreement with the Trustee and Signature Bank with respect to the Signature Bank Account, and such agreement will be amended and restated in connection with the issuance of the Series 2017 Bonds.

Indebtedness is fully retired for at least 30 days in each fiscal year. The College has represented that Maximum Annual Debt Service on all outstanding Long-Term Indebtedness taking into account indebtedness relating to the Series 2017 Bonds, does not exceed 10% of the College's unrestricted revenues, gains and other support determined in accordance with generally accepted accounting principles for the College's fiscal year ended June 30, 2016.

### **Limitations on Liens**

In the Series 2017 Loan Agreement, the College covenants that it will not create or allow Liens upon any of its Property, including without limitation on Gross Revenues or investments, except that the College may create or allow (i) Liens on the Mortgaged Property and/or Gross Revenues provided that the Indebtedness secured by such Lien is permitted to be incurred in accordance with the limitations on additional Indebtedness set forth in the Series 2017 Loan Agreement and such Lien is not senior to the Series 2017 Mortgage or the security interest in Gross Revenues granted by the College in the Series 2017 Loan Agreement and the holder of such Lien has entered into an intercreditor agreement with the Trustee pursuant to which such lienholder has agreed that the Trustee shall as collateral agent for the benefit of the Holders of all Bonds and any other Indebtedness permitted under the Series 2017 Loan Agreement control all remedies related to the Mortgaged Property, (ii) Liens on real property of the College (and improvements and personal property located thereon) other than the Mortgaged Property, and (iii) Permitted Liens.

### **Special Obligations; Limited Resources**

The Series 2017 Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments derived from the Series 2017 Loan Agreement and the Indenture. Payments pursuant to the Series 2017 Loan Agreement are required to be made by the College directly to the Trustee and to be deposited in a separate Bond Fund held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the Series 2017 Bonds.

THE SERIES 2017 BONDS ARE NOT OBLIGATIONS OF THE STATE OF NEW YORK OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING, WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK), AND NEITHER THE STATE OF NEW YORK NOR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING, WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK) HAS ANY LIABILITY, LEGAL, MORAL OR OTHERWISE THEREUNDER. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING, WITHOUT LIMITATION, THE TOWN OF HEMPSTEAD, NEW YORK) HAS BEEN PLEDGED TOWARDS THE PAYMENT OF THE SERIES 2017 BONDS. THE SERIES 2017 BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES PROVIDED IN THE INDENTURE AND THE OTHER SERIES 2017 BOND DOCUMENTS. THE SERIES 2017 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER. NONE OF THE DIRECTORS, OFFICERS, MEMBERS OR EMPLOYEES OF THE ISSUER, THE TRUSTEE OR ANY PERSON EXECUTING THE SERIES 2017 BONDS SHALL BE LIABLE PERSONALLY OR BE

SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. THE ISSUER HAS NO TAXING POWERS.

## **TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2017 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2017 Bonds. Pursuant to the Indenture, the Series 2017 Loan Agreement and the Tax Regulatory Agreement, the Issuer and the College have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes under Section 103 of the Code. In addition, the Issuer and the College have made certain representations and certifications in the Indenture, the Series 2017 Loan Agreement and the Tax Regulatory Agreement. Bond Counsel will also rely on the opinion of Farrell Fritz, P.C., counsel to the College, as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer and the College described above, interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Such interest on the Series 2017 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

### **State Taxes**

Bond Counsel is further of the opinion that interest on the Series 2017 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision of the State of New York, assuming compliance with the tax covenants and the accuracy of the representations and certifications described under “Federal Income Taxes” above. Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Series 2017 Bonds nor as to the taxability of the Series 2017 Bonds or the income therefrom under the laws of any jurisdiction other than the State of New York.

### **Original Issue Premium**

The Series 2017 Bonds (collectively, the “Premium Bonds”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a

Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### **Ancillary Tax Matters**

Ownership of the Series 2017 Bonds may result in other federal tax consequences to certain taxpayers, including without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits and individuals seeking to claim the earned income credit. Ownership of the Series 2017 Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2017 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2017 Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2017 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as Appendix D. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2017 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could 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, and thus on the value or marketability of the Series 2017 Bonds. This could result 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), repeal of the exclusion of the interest on the Series 2017 Bonds from gross income for federal or state income tax purposes, or otherwise. In this regard, there have been various proposals in recent years that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2017 Bonds may occur. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2017 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2017 Bonds may affect the tax status of interest on the Series 2017 Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2017 Bonds, or the interest thereon, if any action is taken with respect to the Series 2017 Bonds or the proceeds thereof upon the advice or approval of other counsel.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Series 2017 Bonds will be passed upon by Nixon Peabody LLP, New York, New York, Bond Counsel for the Issuer, which opinion will be substantially in the form attached hereto as Appendix D. Certain legal matters will be passed upon for the College by its counsel, Cullen and Dykman LLP, Garden City, New York and its Special Counsel, Farrell Fritz P.C., Uniondale, New York, for the Issuer by its counsel, Ryan, Brennan & Donnelly LLP, Floral Park, New York and for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York.

## **ABSENCE OF LITIGATION**

The Issuer knows of no litigation of any nature pending or threatened against the Issuer at the date of this Official Statement restraining or enjoining the issuance, sale, execution or delivery of the Series 2017 Bonds, or in any way contesting or affecting the validity of the Series 2017 Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or the security provided for the payment of the Series 2017 Bonds, or the existence or powers of the Issuer.

There is no action, suit, investigation or proceeding pending or, to the knowledge of the College, threatened against the College or any properties or rights of the College before any court, arbitrator or administrative or governmental body which in the opinion of management of the College might result in any material adverse change in the business, condition or operations of the College or which involves the possibility of materially adversely affecting the ability of the College to comply with the Series 2017 Loan Agreement.

## **RATINGS**

Standard & Poor's has assigned the College the rating of "BBB". Any desired explanation of the significance of such ratings should be obtained from Standard & Poor's. There is no assurance that a particular rating will pertain for any given period of time or that it will not

be lowered or withdrawn entirely if, in the judgment of Standard & Poor's, circumstances so warrant. Any downward revision or withdrawal of any such rating could have an adverse effect on the market price of the Series 2017 Bonds. Neither the Underwriter, the Issuer, nor the College has undertaken any responsibility either to bring to the attention of the Owners of the Series 2017 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

## **UNDERWRITING**

J.P. Morgan Securities LLC (the "Underwriter") has agreed, subject to certain customary conditions precedent to closing, to purchase the Series 2017 Bonds at an aggregate underwriter's discount of \$346,000 from the initial public offering prices set forth on the inside front cover of this Official Statement. The Underwriter will be obligated to purchase all such Series 2017 Bonds if any such Series 2017 Bonds are purchased. The Series 2017 Bonds may be offered and sold to certain dealers (including depositing the Series 2017 Bonds into investment trusts, which may be investment trusts sponsored by the Underwriter or such dealers) at prices lower than such public offering prices, and such public offering prices may be changed by the Underwriter from time to time following the initial offering without any requirement of public notice.

The Underwriter has provided the following paragraphs:

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the College, for which they received or will receive customary fees and expenses

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the College.

## **INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

The financial statements as of June 30, 2016 and for the year then ended with summarized comparative totals as of and for the year ended June 30, 2015, included in this

Official Statement, have been audited by Grant Thornton, LLP, independent certified public accountants, as stated in their report appearing herein.

### **LEGALITY FOR INVESTMENT**

The Series 2017 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations and all other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on banking business, may properly and legally invest funds, including capital in their control or belonging to them.

### **CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT**

At the time of the original delivery and payment for the Series 2017 Bonds, the College will deliver a certificate of an authorized officer to the effect that he has examined this Official Statement (including the Appendices) and the financial and other data concerning the College contained herein and that (i) the Official Statement, both as of its date and as of the date of delivery of the Series 2017 Bonds, does not, with respect to the College, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Series 2017 Bonds, there has been no material change in the affairs (financial or other), financial condition or results of operations of the College except as set forth in or contemplated by the Official Statement.

### **CONTINUING DISCLOSURE**

The College and the Trustee shall enter into an undertaking (the “Continuing Disclosure Undertaking”), for the benefit of the holders of the Series 2017 Bonds, pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12. A copy of the proposed form of Continuing Disclosure Undertaking is contained in Appendix E. The College and the Trustee entered into similar undertakings for the benefit of the holders of the Series 2009 Bonds and the holders of the Series 2014 Bonds. The audited financial statements required by such continuing disclosure undertaking for the Series 2009 Bonds for the fiscal years ended June 30, 2012, 2013, 2015 and 2016 were filed between 140 and 160 days after the end of the respective fiscal year, which was not consistent with the deadline described in the official statement with respect to the Series 2009 Bonds. The College failed to file certain other financial information and operating data for the fiscal years ended June 30, 2012, 2013 and 2014 required to be filed under the continuing disclosure undertaking for the Series 2009 Bonds. The College has since filed such financial information and operating data and has instituted procedures designed to ensure future compliance with its obligations. The College failed to file in a timely manner notice of a non-payment related default with respect to the failure by the College to execute an account control agreement with Signature Bank at the time that the College opened accounts with Signature Bank for the deposit of Gross Revenues. See footnote 1 under “SECURITY FOR THE SERIES 2017 BONDS – Gross Revenues.”

## **ADDITIONAL INFORMATION**

The references herein to the Indenture, the Series 2017 Loan Agreement, and other documents and the Act, the Code and other statutes are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to the full text of the originals for a full and complete statement of such provisions.

This Official Statement is not to be construed as a contract or an agreement between the College or the Issuer and the purchasers or holders of any of the Series 2017 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the College since the date hereof.

The information contained in this Official Statement relating to the Series 2017 Project, the Estimated Uses of Funds and the College has been supplied by the College, and neither the Issuer nor the Underwriter makes any representation or warranty as to the accuracy or completeness of such information.

The distribution of this Official Statement to prospective purchasers of the Series 2017 Bonds by the Underwriter has been duly authorized by the Issuer and the College. This Official Statement is made available only in connection with the sale of the Series 2017 Bonds and may not be used in whole or in part for any other purpose.

Additional copies of this Official Statement may be obtained upon request from the Underwriter.

TOWN OF HEMPSTEAD LOCAL  
DEVELOPMENT CORPORATION

By: /s/ Frederick E. Parola  
Name: Frederick E. Parola  
Title: Executive Director and Chief Executive  
Officer

MOLLOY COLLEGE

By: /s/ Drew Bogner  
Name: Drew Bogner, Ph.D.  
Title: President

**APPENDIX A**

**Information Pertaining to Molloy College**

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## **APPENDIX A INFORMATION PERTAINING TO MOLLOY COLLEGE**

### **General**

Founded in 1955 by the Dominican Sisters of Amityville, Molloy College (“Molloy” or the “College”) is an independent, co-educational Catholic college, rooted in the Dominican tradition of study, spirituality, service, and community, and committed to academic excellence with respect for each person. The College provides a student-centered learning experience which strives to enhance the intellectual, ethical, spiritual, and social development of every student, and strives to enhance the quality of its academic programs, faculty, and teaching learning environment. With nearly 5,000 students, Molloy College offers 98 undergraduate degrees in career areas, professional areas and in the Liberal Arts and Sciences, as well as 41 Master’s degrees and 3 Doctoral degrees, the most recent the Ed.D. in Educational Leadership for Diverse Learning Communities, added in 2015. Molloy’s nursing program is among the largest nursing programs in the country.

The College is located on approximately 24 acres in Rockville Centre, New York. In January 2016, the College completed the first two phases of its long-term campus and facilities plan which enhanced the experience of its students and significantly transformed the campus. Phase I of this plan included the construction of the Public Square, a three-story building that is centrally located on campus and contains approximately 57,040 gross square feet of space. A major feature of this facility is a 550 seat theatre. In addition, Phase I included the construction of a student residence hall to provide the College with its first on-campus dormitory for undergraduate students. Phase II included the construction of a new 49,688 square foot academic building, which is a state of the art facility for Molloy’s nursing program, and extensive renovations to a former faculty residence to accommodate 101 residential students. This renovation increased the number of residential beds to 257. Following such construction, the College contains more than 425,000 gross square feet of building space in eight major buildings.

In the 2016 ranking by Money Magazine, Molloy College was ranked “#1 Value All Star” in the U.S. The rankings were based on early career earnings of graduates, graduation rates, and student-loan default rates.

### **Strategic Plan**

The Molloy College Strategic Plan 2016-2021 was approved by the Board of Trustees on May 5, 2016. The approval of the plan was the culmination of a two-year effort to engage the entire College community in the development of a strategic plan which would be visionary, aspirational, and uniquely Molloy. In Fall 2014, the 2020 listening tour was the critical first step in the Plan’s formulation, and the subsequent work done by the 2020 Task Forces comprised the equally important work of transforming broad concepts and ideas into tangible strategies and initiatives.

With the assistance of an outside consulting group, a strategic planning model was selected which called for the development of a small number of themes (similar to “goals” in a traditional strategic plan) that defined the overarching priorities of the College moving forward. As always, the College’s Mission statement provided the foundation of the Plan. In addition to the themes, objectives were also identified that looked at each theme from four different perspectives: Students & Stakeholders, Financial Resources, Internal Processes, and Organizational Capacity. Based on the work of the Task Forces, as well as the input received from the Leadership Team and the Board of Trustees, the following five Themes were adopted as the basis for the Plan:

1. Responsive Education
2. Student Success
3. Regional Reputation
4. Strategic Enrollment
5. Organizational Effectiveness

Moving forward, these themes and the accompanying objectives will provide the foundation for all planning and budgetary prioritization decisions at Molloy.

### **Board of Trustees**

The College's governing documents specify that a Board of Trustees of up to thirty members shall govern the College. Up to eight, but no less than three, of the Trustees must be Sisters of the Order of St. Dominic, Amityville, New York. At the present time, the Board of Trustees consists of thirty members. The College's governing documents also provide that Trustees are elected for not more than four consecutive three-year terms (12 years). The Board is further divided into three classes according to expiration of term with approximately one third of the Board in each class.

The Board of Trustees meets four times each year for regular meetings and conducts an annual planning retreat. The Executive Committee may transact such business of the College as the Board may transact, except to grant degrees, or to remove or elect members of the Board. The Executive Committee is composed of the Chairperson, Vice-Chairperson of the Board, the President of the College (in an ex-officio capacity) and Standing Committee chairpersons. The Chairperson may appoint not more than two additional members at-large, subject to the approval of a majority of the permanent members of the Executive Committee.

There are seven standing committees of the Board, including an Executive Committee, Academic Affairs Committee, Facilities Committee, Advancement Committee, Fiscal Affairs and Audit Committee, Mission Effectiveness and Planning Committee and the Student Affairs Committee. The current members and Officers of the Board of Trustees follow.

### **MOLLOY COLLEGE BOARD OF TRUSTEES 2016-2017**

*Daniel T. Henry, M.B.A.*  
Chairperson  
Retired (C.F.O., American Express)

*Drew Bogner, Ph.D.*  
President

*Diane Fornieri*  
Director of Executive Affairs and Secretary to the Board of Trustees

*Laura A. Cassell, B.S./C.P.A.*  
Vice Chairperson  
CEO  
Catholic Charities of the Diocese of Rockville Centre

*Theresa P. Ahlstrom, B.S./C.P.A.*  
Partner  
KPMG LLP

*Susan Santoro Bevilacqua, J.D.*  
Attorney  
Oceanville Mason Supply

*Msgr. Francis J. Caldwell, C.S.W.*  
Pastor  
Cure of Ars Parish

*Salvatore P. Ciampo, B.A.*  
Senior Director, Facilities Management  
Albert Einstein College of Medicine

*Michael Comerford, J.D.*  
Partner  
Comerford & Dougherty, LLP

*Donna Dellomo, B.A., C.P.A.*  
CFO  
Lovesac

*Marianne Dolan Weber, M.S.*  
Manager  
MLC Ventures LLC

*Diane Esposito, Ph.D.*  
Research Scientist/Research Compliance Officer  
Cold Spring Harbor Laboratory

*Laura Farahani, M.B.A.*  
Managing Partner  
Cambridge Leadership Associates

*Raymond E. Farrell, Esq.*  
Partner  
Carter, DeLuca, Farrell & Schmidt, LLP

*Jeffrey H. Greenfield, B.S.*  
Managing Member  
NGL Group, L.L.C.

*Matthew Grover, M.B.A.*  
Senior Vice President Commercial Sales and Sales Operations, Optimum  
Cablevision Systems Corporation

*David M. Hagan, M.B.A.*  
Executive Director, Why Me Inc.

*S. Zaki Hossain, M.S.*  
President  
Modern Packaging, Inc.

*Gerald Kaiser, J.D.*

Attorney

Chairman of the Finance Impact Committee, Boy Scouts of America, Northeast Region, Area 2

*Sister Anne-Marie Kirmse, O.P., Ph.D.*

Research Associate, Laurence J. McGinley, Chair in Religion and Society

Fordham University

*Brendan Lavelle, M.B.A.*

Chief Financial Officer/Chief Risk Officer

Westfield Research LLC

*William K. Lloyd, Ph.D.*

Superintendent

Uniondale Public Schools

*Sr. Margaret Mayce, O.P., M.S.*

NGO Representative for United Nations Dominican Leadership Conference/Dominican Sisters International

*John P. McEntee, J.D. (Immediate Past President of Nassau County Bar Association)*

Partner

Farrell Fritz, P.C.

*S. Mary Pat Neylon, O.P., Ed.D.*

Prioress

Sisters of St. Dominic

*Len Peters, M.Sc.*

Vice President & Chief Information Officer

New York University

*Kenneth J. Pritchard, P.E., B.S.C.E.*

Commissioner of Sanitation

Town of Hempstead

*James S. Rowen, M.B.A.*

Chief Operating Officer

Renaissance Technologies Corp.

*Robert S. Salvatico, M.B.A.*

Partner and Senior Vice President - Operations

Jaral Properties, Inc. and Jaral Management Corp.

*John Westerman, J.D.*

Managing Partner

Westerman Ball Ederer Miller Zucker & Sharfstein, LLP

*Phillipa G. Woodriffe, M.D.*

General Surgery

Riverside Medical Center

## **Administration**

The following table sets forth the names of the President and other senior management and the position held by each. A brief statement of the background of each such officer is set forth after the table:

### **Molloy College Leadership Team**

Drew Bogner, Ph.D.  
President

Linda F. Albanese, M.A.  
Vice President for Enrollment Management

Ann Z. Branchini, Ph.D.  
Vice President for Academic Affairs and Dean of Faculty

Diane K. Fornieri, B.S.  
Director of Executive Affairs and Secretary to the Board

Robert C. Houlihan, M.S.  
Vice President for Student Affairs

Michael A. McGovern, B.S.  
Vice President for Finance and Treasurer

Edward J. Thompson, J.D.  
Vice President for Mission and Advancement

Michael Torres, M.A.  
Vice President for Technology and Institutional Effectiveness

The principal administrative officers of Molloy College are listed below:

#### ***Drew Bogner, President***

Dr. Drew Bogner held several positions in higher education before assuming the presidency at Molloy College in July 2000: Executive Vice President for Academic Affairs, Dean of Community Education, and Professor of Education and Professor of Biology at Newman University in Wichita, Kansas. Dr. Bogner is a Professor of Education (History) at Molloy College; a member of the Council of Independent Colleges and Universities; Dominican Higher Education Consortium; Lower Hudson Valley Catholic Colleges Consortium; East Coast Conference; and the NYSED Commissioner's Advisory Council on Higher Education. He is also active in numerous community groups on Long Island, serving on the Board of Directors for the Tomorrow's Hope Foundation; Long Island Index; Long Island Association; Long Island Regional Advisory Council on Higher Education; Long Island School Superintendent-College President Partnership and the Long Island STEM Hub Steering Committee.

***Ann Z. Branchini, Vice President for Academic Affairs & Dean of the Faculty***

Dr. Ann Branchini has served as Vice President of Academic Affairs since June 2016. Prior to assuming the position of Vice President of Academic Affairs, Dr. Branchini was the Academic Dean and Chief Academic Officer at Three Rivers Community College in Norwich, CT. Dr. Branchini holds a B.S. in Nursing from University of Wisconsin-Milwaukee, an M.S. in Nursing from Marquette University, and a Ph.D. from University of Connecticut.

***Michael A. McGovern, Vice President for Finance & Treasurer***

Mr. Michael A. McGovern was appointed Vice President for Finance & Treasurer in 2002. Mr. McGovern serves as the College's Chief Financial Officer. Prior to joining Molloy College, Mr. McGovern was Chief Financial Officer for the New York Foundling Hospital. Mr. McGovern received a B.S. in Accounting from Athens State University.

***Robert C. Houlihan, Vice President for Student Affairs***

Mr. Robert Houlihan is the Vice President for Student Affairs at Molloy College, a position he has held since 2001. Prior to assuming his current position, Mr. Houlihan was the Director of Athletics and coached intercollegiate athletics for 20 years. Mr. Houlihan has a B.A. in Criminal Justice from New York Institute of Technology, and two M.S. degrees from L.I.U. Brooklyn in Criminal Justice and Education Guidance and Counseling.

***Linda Finley Albanese, Vice President for Enrollment Management***

Ms. Linda Finley Albanese has been Vice President of Enrollment Management since 2001. Ms. Albanese has been in higher education her entire career. Prior to her current appointment, she served as the Director of Admissions since 1997. Ms. Albanese received a B.A. from Molloy College and an M.A. from Long Island University-C.W. Post campus.

***Michael Torres, Vice President for Technology & Institutional Effectiveness***

Mr. Michael Torres began his career at Molloy in 2009 as the Director of Institutional Research. Prior to working at Molloy, Mr. Torres spent four years at Hofstra University, serving as Associate Director and Strategic Analyst in the Office of Institutional & Market Research. In October 2014, Mr. Torres was promoted to Vice President for Technology and Institutional Effectiveness, and is responsible for all IT, Planning, Institutional Research, and Records Management functions at the College. Before his career in higher education, Mr. Torres worked at Mutual of America in New York City, holding key positions in the company's Underwriting, Marketing and Corporate Training areas. Mr. Torres earned his Bachelor's Degree from the State University of New York at Geneseo in Political Science, and a Master's Degree from Hofstra University in Foundations of Education.

***Edward J. Thompson, Vice President for Mission and Advancement***

Mr. Edward J. Thompson has served as a Vice President at Molloy College since 1998, and is currently the Vice President for Mission and Advancement. Mr. Thompson received a B.A. in History and Economics from the College of the Holy Cross, a J.D. from St. John's University School of Law and studied comparative law at the London School of Economics. He completed coursework at the Institute for Educational Management at Harvard University. Mr. Thompson serves on several national and regional boards, including Fans for the Cure and Vision Long Island.

*Diane K. Fornieri, Director of Executive Affairs and Secretary to the Board of Trustees*

Ms. Diane K. Fornieri is currently the Director of Executive Affairs and Secretary to the Board of Trustees and has been working for the College for 21 years. Ms. Fornieri holds a B.S. degree in business management and is currently pursuing a Master's Degree in Organizational Leadership from Manhattan College.

**Academic Programs**

The College's academic departments are organized into six degree-granting divisions. The single discipline divisions are Business, Education and Nursing. The multi-disciplinary divisions consist of the Humanities, Natural Sciences and the Social Sciences Divisions. The College grants associate, baccalaureate, masters and doctoral degrees. A baccalaureate/master's program in Social Work is offered in partnership with Fordham University. A seventh division, the Division of Continuing and Professional Development offers primarily not-for-credit courses/programs.

Students have access to a variety of support services such as DSS/STEEP; the AcE Tutoring Center; and a Writing Laboratory. The College also offers the St. Thomas Aquinas Program (STAP), which seeks to assist students who have the potential for success at the collegiate level but who lack the usual academic credentials required for regular admission.

**The Division of Business** offers a Bachelor of Science in Accounting, Finance, Management, and Marketing, as well as a variety of BS/MBA dual degrees in Accounting, Finance, Management, Marketing, and Personal Financial Planning. The MBA is offered in Accounting, Finance, Management, Personal Financial Planning, Marketing and Healthcare Administration. The MBA in Finance, Management, and Marketing are also offered in the Distance Education format. There are also advanced certificate programs offered in Marketing, Finance, and Healthcare.

**The Division of Education** offers the Bachelor of Arts, the Bachelor of Science, and multiple dual degree BS/MS programs. There are also undergraduate programs that prepare teachers of special subjects, such as Music and Visual Arts. At the graduate level, a Master of Science degree is offered in Childhood Education, Adolescence Education, Teaching English to Speakers of Other Languages (TESOL), Educational Technology as well as Post-Master's certificates for those who currently hold a Master's degree. An Ed.D. in Educational Leadership for Diverse Learning Communities is also being offered.

**The Division of Humanities** encompasses the departments of Art, Communications, Digital Humanities and New Media, English, History and Political Science, Interdisciplinary Studies, Modern Languages, Music, Philosophy, Theatre Arts and Theology and Religious Studies. The offerings include both undergraduate and graduate degrees: the Bachelor of Arts, the Bachelor of Science, and the Bachelor of Fine Arts. In addition, a BS/MS dual degree and a Master of Science are offered in Music Therapy.

**The Division of Natural Sciences** includes the departments of Biology, Chemistry, and Environmental Studies; the Department of Mathematics and Computer Studies; the Department of Allied Health Sciences; and the Department of Communication Sciences and Disorders. Offerings include an Associate in Applied Science; Bachelor of Science; and a Bachelor of Arts. There is also a double major in Mathematics and Computer Science. The Department of Communication Sciences and Disorders offers the Master of Science degree in Speech-Language Pathology.

**The Division of Social Sciences** includes the departments of Clinical Mental Health Counseling, Criminal Justice and Legal Studies, Psychology and Counseling, Social Work, and Sociology. Offerings include the Bachelor of Arts, the Bachelor of Science, and the Bachelor of Social Work. The BS/MS dual degree is offered in Criminal Justice and an MS in Clinical Mental Health Counseling. A BSW/MSW program in Social Work is offered in partnership with Fordham University.

**The Barbara H. Hagan School of Nursing** offers a Bachelor of Science, dual degree programs, LPN to BS/RN Program, Accelerated Second Bachelor in Science degree program, Master of Science in various tracks, post-master's advanced certificate programs in various tracks, and a PhD in Nursing program (the first at the College) and DNP (Doctor of Nursing Practice).

Notably, Molloy's undergraduate nursing program is the 19<sup>th</sup> largest in the U.S. according to American Association of Colleges of Nursing (AACN) 2014 data. It is important to note that all other larger programs have large distance education components with some encompassing multiple campuses within a system, while Molloy's programs are all face-to-face with no distance programs at this time.

**The Division of Continuing Education and Professional Development** offers primarily not-for-credit courses and programs in a variety of areas. In addition, Summer Institutes offer for-credit courses for the Education Division.

### **Special Programs, Centers and Institutes**

In an effort to engage the student and the community, the College operates *not-for-credit* Special Programs, Centers and Institutes as follows:

**The Center for Social and Ethical Concerns** provides a forum to those committed to the study of ethical issues and social justice.

**The Community Research Institute (CRI)** provides low cost, high quality research for the benefit of the surrounding community while enabling Molloy students to have hands-on research experience. CRI also offers its services to full-time faculty who would like research assistance at no cost to them.

The **Institute for Interfaith Dialogue** presents programs to celebrate diversity and build a road towards fellowship among all faiths.

**The Mill-Molloy Institute for Lifelong Learning** is affiliated with the national movement of the Elderhostel Institute Network.

**Molloy College Science and Mathematics Education Institute** brings professionals from area school districts to campus to improve and enhance the math and science programs. The College benefits from the expertise of professionals in these fields.

**The Service-Learning Program** enables student to participate fully in community life by placing students in volunteer service on Long Island.

**The Siena Women's Center** promotes awareness of issues concerning women in today's world.

**The Energeia Partnership**, the Academy for Regional Stewardship at Molloy College, is an externally focused leadership program designed to address Long Island's most pressing societal needs.

**The Sustainability Institute** serves to educate about and to promote positive solutions that advance the three dimensions of sustainability – economy, environment and social equity – for both the students and faculty of Molloy College and for the larger Long Island community of which Molloy is a part.

**The Irish Institute** illuminates and articulates the central role Irish-Americans have played and continue to play in the United States and extends and enriches exchanges between Irish-Americans and those from other cultural backgrounds.

**ROTC – Reserve Officer’s Training Corps** is available to students through St. John’s University, Hofstra University and the New York Institute of Technology.

**Accreditations and Affiliations**

- Board of Regents of the University of the State of New York
- Middle States Association of Colleges and Schools
- Commission on Accreditation of Allied Health Education Programs
- Joint Review Committee on Education Programs in Nuclear Medicine Technology
- Joint Review Committee on Education in Cardiovascular Technology
- American Health Information Management Association
- Committee on Accreditation for Respiratory Care
- Council on Social Work Education
- Commission on Collegiate Nursing Education Commissioners
- National Council for Accreditation of Teacher Education (NCATE)  
(NCATE phasing out – to be replaced by Council for Accreditation of Educator Preparation, see below)
- American Music Therapy Association and the National Association of Schools of Music
- Council on Academic Accreditation in Audiology and Speech Language Pathology

**Currently seeking the following final accreditations:**

- Council for Accreditation of Educator Preparation
- Council for Accreditation of Counseling and Related Educational Programs

The College has affiliation agreements with a significant number of regional institutions for clinical/fieldwork experiences for students in a variety of areas, such as nursing, music therapy, speech therapy and social work. For example, among the College’s long-term relationships are hospital/clinics affiliated with Northwell Health (since 1966), and hospitals/clinical sites affiliated with Catholic Health Services such as Good Samaritan Hospital (since 1998) and St. Francis Medical Center (since 1997).

**Faculty and Staff**

The following table reflects the number of faculty for the last five academic years and the current academic year. The calculation of full-time equivalents (“FTE”) for part-time faculty is based on their percentage of a full-time teaching load for the academic year:

**College Faculty**

<u>Academic Year</u>	<u>Full Time</u>	<u>Part Time FTE</u>	<u>Total</u>
2011-2012	178	354	532
2012-2013	177	338	515
2013-2014	184	364	548
2014-2015	187	337	524
2015-2016	192	373	565
2016-2017	189	372	561

Of the 189 full-time faculty in 2016-2017, 54 are professors, 51 are associate professors, 74 are assistant professors and 10 are instructors. Approximately 77% of the faculty has obtained a Ph.D. or other terminal degree and approximately 68% of the full-time faculty are tenured. The student to faculty ratio at Molloy is 10:1.

**Applications and Admissions**

Applications to the College have increased by 95.7% since Fall 2011, while freshman enrollment has grown by 40% since Fall 2011. The following table sets forth the freshman applications, offers of admission and new enrollment for the last five academic years and the current academic year.

**Freshman Applications, Acceptances & Enrollments**

<u>Academic Year</u>	<u>Applications</u>	<u>Acceptances</u>	<u>Selectivity Ratio</u>	<u>Enrollments</u>	<u>Matriculation Ratio</u>
2011-2012	2,059	1,539	74.7%	403	26.2%
2012-2013	2,304	1,698	73.7%	455	26.8%
2013-2014	3,242	2,356	72.7%	501	21.3%
2014-2015	3,277	2,491	76.0%	492	19.8%
2015-2016	3,550	2,681	75.5%	539	20.1%
2016-2017	4,030	3,100	76.9%	565	18.2%

The College began to accept the “Common Application” for academic year 2013-2014. Applications increased in 2015-2016 and again in 2016-2017 due to the growing Nursing program and the addition of a BFA in Theatre Arts.

The College competes for students generally with colleges and universities located elsewhere in New York State and throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition than the College. Recently, New York State announced its new Excelsior Scholarship Program which provides free tuition for New York students who attend State University of New York and City University of New York schools provided that their families meet certain income requirements. At this time, the College cannot project the effect, if any, on its enrollment or revenues due to the Excelsior Scholarship Program.

**Student Enrollment**

Total enrollment at the College has grown by approximately 13% over the last five years, with increases at both the undergraduate and graduate levels. The College budgeted for modest growth in both the undergraduate and graduate programs for 2017-2018. The following table sets forth the full-time equivalent (FTE) undergraduate and graduate enrollments for the last five academic years and the current academic year.

**Enrollment (Full-Time Equivalent)**

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2011-2012	2,895	474	3,369
2012-2013	2,909	469	3,378
2013-2014	2,920	500	3,420
2014-2015	2,898	543	3,441
2015-2016	2,977	651	3,628
2016-2017	3,137	684	3,821

## Undergraduate Student Profile

As an indication of the academic quality of the student body, the following table presents the mean standardized test scores of entering freshmen for the fall semester of the last five academic years and the current academic year available in comparison to the national average.

### Summary of SAT Scores

<u>Academic Year</u>	<u>SAT Math</u>	<u>SAT Critical Reading</u>	<u>Combined</u>	<u>National Average</u>
2011-2012	539	522	1,061	1,011
2012-2013	540	525	1,065	1,010
2013-2014	543	523	1,066	1,010
2014-2015	540	527	1,067	1,010
2015-2016	539	528	1,067	1,006
2016-2017	541	536	1,077	1,002

## Tuition and Fees and Competition

A summary of the College's tuition and fees for undergraduate students for the last five academic years and the current academic year is set forth below:

### Annual Tuition

(In Thousands of Dollars)

<u>Academic Year</u>	<u>Tuition and Fees</u>
2011-2012	\$ 23,300
2012-2013	24,420
2013-2014	25,710
2014-2015	26,850
2015-2016	28,030
2016-2017	29,100

The College competes for students with many other colleges and universities, including various institutions within Long Island and the State of New York. The following table includes the College's major private university competitors.

### Annual Tuition and Fee Rates

#### 2016-2017 Academic Year

<u>Institution</u>	<u>Tuition and Fees</u>
St. John's University	\$ 38,630
Hofstra University	41,100
Long Island University - C.W. Post Campus	34,352
Adelphi University	34,000
New York Institute of Technology	33,920
Molloy College	29,100

Sources: Websites of the respective Colleges and Universities

## Financial Aid

During the 2015-2016 academic year, approximately 96% of the College's full-time undergraduate students received a form of financial aid. Molloy College participates in the Federal and State financial aid programs and offers institutional support in the form of grants and scholarships. Institutional grants/scholarships are awarded, based upon various criteria, including academic record, financial need, community service and athletic ability. The College also offers institutional scholarships which are funded through specific donor contributions and are available based on the criteria established by the donor. The following table shows all financial aid provided to College students by the listed assistance programs for the last five academic years.

### Summary of Student Financial Aid

(In Thousands of Dollars)

<u>Academic Year</u>	<u>Federal Assistance *</u>	<u>Student Loans</u>	<u>College Expenditures</u>	<u>New York State Programs, Other</u>	<u>Total</u>
2011-2012	\$39,120	\$6,465	\$14,703	\$5,241	\$65,529
2012-2013	38,526	6,940	17,411	4,634	67,511
2013-2014	39,226	7,052	19,293	5,015	70,586
2014-2015	40,532	7,187	20,762	3,490	71,971
2015-2016	44,307	8,846	22,012	3,551	78,716

---

\*Includes loans and grants pursuant to Federal programs

## Degrees Conferred

The following table presents the number of academic degrees conferred by the College over the past five academic years.

### Annual Degrees Conferred

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate/Post-Baccalaureate</u>	<u>Total</u>
2011-2012	665	288	953
2012-2013	785	256	1041
2013-2014	812	324	1136
2014-2015	802	350	1152
2015-2016	715	366	1081

## Financial Statements

The College maintains its accounts in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) and prepares such accounts using the accrual basis of accounting. As required by GAAP, the College’s financial statements distinguish between unrestricted, temporarily restricted, and permanently restricted net assets and changes in net assets.

The audited consolidated financial statements of the College are presented in Appendix B to the Official Statement and provide financial information as of June 30, 2016 for the fiscal-year then ended along with certain summarized financial information for the fiscal year ended June 30, 2015.

## Budgetary Matters

The College constructs an annual operating budget which the Treasurer and President present to the Fiscal Affairs Committee and the Board of Trustees for review and approval. The Board specifically approves tuition and fee rate increases, increases in salaries, wages and employee benefits, provisions for financial assistance and major capital expenditures. Monthly reports comparing actual performance to budget are prepared and are reviewed by the Treasurer. Quarterly, the President and the Treasurer present to the Fiscal Affairs Committee and the Board of Trustees comparisons of budget to actual, including projections for year end results and comparative Statements of Financial Position.

## Financial Operations

The following table summarizes the financial position of the College at the end of the last five fiscal years.

### STATEMENT OF FINANCIAL POSITION

For the years ended June 30, 2016, 2015, 2014, 2013, and 2012

(In Thousands of Dollars)

	2016	2015	2014	2013	2012
Total Assets	\$ 185,651	\$ 184,643	\$ 147,425	\$ 136,064	\$ 133,327
Total Liabilities	97,054	101,068	67,698	64,622	65,449
Total Net Assets	\$ 88,597	\$ 83,575	\$ 79,727	\$ 71,442	\$ 67,878

From June 30, 2015 to June 30, 2016, total net assets grew by approximately 6.0%, and from June 30, 2012 to June 30, 2016, total net assets grew by 30.5%.

The following table summarizes the breakdown of the College’s net assets at the end of the last five fiscal years.

## NET ASSETS

For the years ended June 30, 2016, 2015, 2014, 2013, and 2012

(In Thousands of Dollars)

	2016		2015		2014		2013		2012
Unrestricted	\$ 78,807	\$	72,703	\$	68,921	\$	64,784	\$	60,376
Temporarily Restricted	5,699		6,931		7,008		3,117		4,119
Permanently Restricted	4,091		3,941		3,798		3,541		3,383
Total Net Assets	<u>\$ 88,597</u>	\$	<u>83,575</u>	\$	<u>79,727</u>	\$	<u>71,442</u>	\$	<u>67,878</u>

### Operating Results

The College's operating revenues net of operating expenses for the last five years have ranged from \$3,491,000 in 2012 to \$7,468,000 in 2016. Overall, operations have remained stable during this time period as represented in the following Consolidated Statement of Activities. The information in the following table was derived from the audited financial statements of the College.

**SUMMARIZED STATEMENTS OF ACTIVITIES**

**For the years ended June 30, 2016, 2015, 2014, 2013, and 2012**

(In Thousands of Dollars)

	2016	2015	2014	2013	2012
<b>Revenue, gains and other support:</b>					
Student tuition and fees	\$ 120,490	\$ 110,577	\$ 105,236	\$ 99,424	\$ 93,511
Less: Institutional aid	(22,012)	(20,762)	(19,293)	(17,411)	(14,703)
Student tuition and fees, net	<b>98,478</b>	<b>89,815</b>	<b>85,943</b>	<b>82,013</b>	<b>78,808</b>
Government grants and programs	1,324	2,058	1,261	1,329	1,714
Gifts and private grants	1,975	1,606	1,436	2,387	1,087
Special events	707	839	730	673	646
Auxiliary enterprises	3,595	3,338	2,195	1,989	1,478
Board designated endowment investment return designated for operations	1,294	1,223	1,132	683	642
Other interest and dividends	229	173	253	81	299
Other revenue	1,011	885	542	367	363
<b>Total revenue, gains and other support</b>	<b>108,613</b>	<b>99,937</b>	<b>93,492</b>	<b>89,522</b>	<b>85,037</b>
<b>Expenses:</b>					
Instruction	59,621	55,365	52,537	50,547	46,909
General administration	5,868	5,741	6,396	5,605	5,019
General institutional	9,445	9,083	8,025	8,224	7,860
Public relations and development	6,204	5,680	5,189	5,117	4,642
Student services	12,018	11,392	11,242	10,918	10,236
Library	3,008	2,953	2,900	2,843	2,707
Auxiliary enterprises	4,699	5,287	4,368	4,278	3,744
Special events	282	299	300	243	429
<b>Total expenses</b>	<b>101,145</b>	<b>95,800</b>	<b>90,957</b>	<b>87,775</b>	<b>81,546</b>
<b>Change in net assets from operations</b>	<b>7,468</b>	<b>4,137</b>	<b>2,535</b>	<b>1,747</b>	<b>3,491</b>
<b>Non-operating activities:</b>					
Capital campaign revenues	113	354	3,885	280	-
Government capital grants	-	-	-	65	1,411
Investment return in excess of board designated endowment return designated for operations	(2,560)	(643)	1,865	1,274	994
Adjustment of conditional asset retirement obligations	-	-	-	-	198
<b>Total non-operating activities</b>	<b>(2,447)</b>	<b>(289)</b>	<b>5,750</b>	<b>1,619</b>	<b>2,603</b>
<b>Change in net assets</b>	<b>5,021</b>	<b>3,848</b>	<b>8,285</b>	<b>3,366</b>	<b>6,094</b>
<b>Net assets, beginning of year</b>	<b>83,575</b>	<b>79,727</b>	<b>71,442</b>	<b>67,878</b>	<b>61,982</b>
<b>Net assets, end of year</b>	<b>\$ 88,596</b>	<b>\$ 83,575</b>	<b>\$ 79,727</b>	<b>\$ 71,244</b>	<b>\$ 68,076</b>

Certain information in the fiscal 2015, 2014, 2013 and 2012 Statement of Activities have been reclassified to conform to the fiscal 2016 presentation. There were no changes to total revenues, expenses or changes in net assets as reflected in the Statement of Activities for those years.

### **Capital Fundraising**

The College has completed two capital campaigns in the last decade; the first for \$21 million that helped construct the Public Square Campus Center, and the second for \$12 million that helped construct the Barbara Hagan Center for Nursing. The College has received several multi-million dollar New York State capital grants as part of the two capital campaigns.

### **Investment Policy and Portfolio**

The primary investment objectives of the College are to provide funds for scholarships and the operation of the College and to maintain and enhance the value of the investment assets. Investment assets are rebalanced at least annually within the allowable allocation ranges for fixed income, equity and other classes. The College spending rule for investments is 5.0% or less of the 3-year moving average of the market values, adjusted for contributions and distributions. Investments are overseen by the Fiscal Affairs and Audit Committee of the Board, the Vice President of Finance & Treasurer with input from The Investment Advisory Sub-Committee which is a sub-committee of the Fiscal Affairs and Audit Committee of the Board of Trustees. It is comprised of three members of the Fiscal Affairs and Audit Committee and up to three non-board members appointed by the Board Chair on the basis of their knowledge and experience in the area of investments and related financial matters. Investments are currently managed by Credit Suisse Securities (USA) LLC.

The College reports the estimated fair value of investments based on market prices, except for certain alternative investments, for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers as of June 30. The fair market value of long-term investments consisted of the following at June 30 of the respective fiscal year:

### Long Term Investments

For the years ended June 30, 2016, 2015, 2014, 2013, and 2012

(In Thousands of Dollars)

	2016	2015	2014	2013	2012
Cash and cash equivalents	\$ 926	\$ 2,281	\$ 1,366	\$ 1,963	\$ 1,903
US Government and agency	3,456	2,856	5,172	4,961	5,087
Corporate bonds	8,287	6,196	9,974	9,293	9,345
Equities	11,235	8,478	12,292	10,594	8,688
Mutual funds	464	356	551	207	117
Real estate investment trusts	-	-	658	651	376
Private equity investments	1,115	1,200	1,326	1,390	1,713
Hedge funds	2,170	5,965	626	614	501
Exchange-traded funds	4,980	3,276	972	300	249
State of Israel bonds	21	25	20	15	10
Investments held as collateral	564	563	561	-	-
TIAA Traditional Annuity	163	124	229	-	-
Pooled Equities	-	3,118	-	-	-
<b>Total Investments</b>	<b>\$ 33,381</b>	<b>\$ 34,438</b>	<b>\$ 33,747</b>	<b>\$ 29,988</b>	<b>\$ 27,989</b>

### State Aid

As an independent institution of higher education in the State of New York, the College has benefited from the New York State Direct Institutional Aid program, known as Bundy Aid, which pays unrestricted aid based on the number and kinds of academic degrees conferred each year. The amount of aid received over the last five fiscal years is outlined in the table below.

### Summary of State Aid (Bundy Aid)

(In Thousands of Dollars)

<u>Academic Year</u>	
2011-2012	\$ 250
2012-2013	243
2013-2014	268
2014-2015	288
2015-2016	292

### Private Gifts

The College records contributions of gifts and private grants according to the manner in which they are received, as specified by the donor. Gifts and private grants are recorded at the fair market value of the assets received and are classified as either unrestricted, temporarily restricted or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets. Gifts and private grants (including pledges)

to the College for the past five fiscal years (other than those attributable to the capital campaign described under the “Capital Campaign”) are shown in the following table in accordance with GAAP:

**Summary of Private Gifts (Excluding Capital Campaign)**

(In Thousands of Dollars)

<u>Academic Year</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2011-2012	464	555	68	1087
2012-2013	1060	1169	158	2387
2013-2014	480	698	258	1436
2014-2015	737	726	143	1606
2015-2016	710	1115	150	1975
<b>Total Net Assets</b>	<b>\$ 3,451</b>	<b>\$ 4,263</b>	<b>\$ 777</b>	<b>\$ 8,491</b>

**Plant Assets**

The following table summarizes the College’s land, buildings and equipment at June 30 for the past five years. The College capitalizes assets acquired for \$1,000 or more with a useful life of greater than one year. These assets are stated at cost, representing purchase price or, if donated, the fair market value at date of gift, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives. The estimated lives for buildings and improvements range from 10 to 50 years and the estimated life for furniture, furnishing and equipment is 3 to 10 years.

**Land, Buildings and Equipment**

For the years ended June 30, 2016, 2015, 2014, 2013, and 2012

(In Thousands of Dollars)

	2016	2015	2014	2013	2012
Buildings	\$ 105,115	\$ 75,018	\$ 66,331	\$ 65,808	\$ 65,561
Furniture, furnishings and equipment	28,991	25,477	23,633	22,551	21,156
Building improvements	27,554	24,708	23,302	22,490	20,936
Leasehold improvements	4,147	3,832	4,502	2,573	1,581
	<b>165,807</b>	<b>129,035</b>	<b>117,768</b>	<b>113,422</b>	<b>109,234</b>
Less: Accumulated depreciation and amortization	(54,272)	(48,579)	(44,185)	(39,323)	(34,743)
Net depreciable property, plant and equipment	<b>111,535</b>	<b>80,456</b>	<b>73,583</b>	<b>74,099</b>	<b>74,491</b>
Land	3,274	3,274	435	435	435
Construction in progress	585	14,587	10,192	3,406	1,169
Total Land, Buildings and Equipment	<b>\$ 115,394</b>	<b>\$ 98,317</b>	<b>\$ 84,210</b>	<b>\$ 77,940</b>	<b>\$ 76,095</b>

## Pension Plan

The College participates in a defined contribution pension plan administered by Teachers Insurance and Annuity Association, which covers substantially all of its full-time faculty and administrative personnel. It is the College's policy to fully-fund pension costs accrued. Total pension expense was \$3,029,847 and \$2,767,236 for the years ended June 30, 2016 and 2015, respectively.

## Outstanding Indebtedness

As of March 24, 2017, \$46,080,000 principal amount of Series 2009 Bonds was outstanding, and \$1,035,000 principal amount of which will mature on July 1, 2017. The remaining \$45,045,000 principal amount of Series 2009 Bonds is expected to be defeased upon the issuance of the Series 2017 Bonds. As of March 24, 2017, \$30,000,000 principal amount of Series 2014 Bonds was outstanding. The payment of principal and interest on the Series 2009 Bonds and the Series 2014 Bonds is an unconditional obligation of the College and is secured by mortgages on the Rockville Center campus and a pledge of gross revenues. The Series 2017 Bonds will be secured on a parity basis with the Series 2014 Bonds and all other Bonds to be issued under the terms of the Indenture.

The College is also obligated under various lease-agreements and employment contracts expiring through June 30, 2020. Future minimum payments under all agreements at June 30, 2016 are as follows:

### Fiscal Year

2017	\$ 954,187	-
2018	804,914	-
2019	773,755	-
2020	<u>642,450</u>	-
	<u>\$ 3,175,306</u>	-

## Insurance

The College maintains insurance with such coverage as it believes is customarily carried by private colleges and universities in New York. This includes coverage Buildings and Contents, Consequential Loss, Miscellaneous Property Personal Effects (Students and Faculty), Comprehensive General Liability, Sexual Misconduct Liability, Employee Dishonesty and Crime, Employee Benefits Administration & Fiduciary Liability, Garage Keepers Liability, Professional Liability (Directors and Officers, Errors and Omissions, and Employment Practices Liability), Excess Directors and Officers, Excess Liability, Medical Professional Liability, Boiler and Machinery, Automobile Liability, Automobile Damage, Student Accident, Travel Accident, Student Health, Disability and Workers compensation. The College exercises risk management practices that it believes are consistent with those of other higher education institutions.

## Litigation/Legal Proceedings

Molloy College is not aware of any litigation pending or threatened wherein any unfavorable decision would adversely affect the ability of the College to enter into the Agreement and to carry out its obligations thereunder or would have a materially adverse impact on the financial condition of the College.

## Mortgaged Property

The College's obligations under the Loan Agreement will be secured by a mortgage on the Rockville Centre campus on a parity with the mortgage securing its obligations with respect to the Series 2014 Bonds. Off-campus properties owned by the College will not be subject to the mortgage.

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**APPENDIX B**

**Audited Financial Statements of the College for the Year Ended June 30, 2016  
(with Summarized Comparative Totals as of and for the Year Ended June 30, 2015)**

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Financial Statements Together with  
Report of Independent Certified Public Accountants

**MOLLOY COLLEGE**

For the year ended June 30, 2016,  
with summarized comparative information for the year ended June 30, 2015

# MOLLOY COLLEGE

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of  
**Molloy College:**

We have audited the accompanying financial statements of Molloy College (the “College”), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 College’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 College’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 Molloy College as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter - Report on 2015 summarized comparative information**

We have previously audited the College's June 30, 2015 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2015. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Grant Thornton LLP*

New York, New York  
November 18, 2016

# MOLLOY COLLEGE

## Statement of Financial Position

As of June 30, 2016, with summarized comparative totals as of June 30, 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 23,410,127	\$ 21,927,003
Student accounts receivable, net of allowance for doubtful accounts of \$1,280,801 and \$1,089,008 as of June 30, 2016 and 2015, respectively	2,367,616	1,828,449
Pledges receivable, net (Note 3)	675,189	872,556
Government grants and other receivables	393,395	1,303,784
Prepaid expenses and other current assets	<u>1,059,093</u>	<u>748,054</u>
Total current assets	27,905,420	26,679,846
Pledges receivable, net (Note 3)	441,087	874,120
Funds held with trustee (Note 8)	4,329,600	20,385,680
Long-term investments (Notes 4, 12 and 14)	33,381,037	34,438,121
CAP21 funds receivable, net (Note 14)	500,000	400,000
Loans receivable (Note 5)	2,874,147	2,743,064
Cash surrender value of donated life insurance policy	826,979	806,689
Property, plant and equipment, net (Note 6)	<u>115,392,915</u>	<u>98,315,690</u>
Total assets	<u>\$ 185,651,185</u>	<u>\$ 184,643,210</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses (Note 12)	\$ 9,912,510	\$ 9,763,653
Construction accounts payable, retainage and accrued expenses	164,105	4,469,687
Student credit balances and deposits	957,999	968,255
Deferred tuition and fee revenue	2,283,871	1,868,884
Capital lease obligations (Note 15)	33,374	18,066
Guarantee liability (Note 14)	498,252	-
Bonds payable (Note 8)	985,000	940,000
Bond interest payable (Note 8)	<u>2,083,015</u>	<u>2,106,515</u>
Total current liabilities	<u>16,918,126</u>	<u>20,135,060</u>
<b>NON-CURRENT LIABILITIES</b>		
Capital lease obligations (Note 15)	224,123	235,710
Bonds payable, net of current portion (Note 8)	76,371,845	77,415,059
Conditional asset retirement obligations (Note 7)	1,779,787	1,683,053
Refundable U.S. government grants (Note 5)	<u>1,760,427</u>	<u>1,599,050</u>
Total noncurrent liabilities	<u>80,136,182</u>	<u>80,932,872</u>
Total liabilities	<u>97,054,308</u>	<u>101,067,932</u>
Commitments and contingencies (Notes 4 and 14)		
<b>NET ASSETS</b>		
Unrestricted	78,807,404	72,703,271
Temporarily restricted (Notes 9)	5,698,747	6,930,732
Permanently restricted (Note 9)	<u>4,090,726</u>	<u>3,941,275</u>
Total net assets	<u>88,596,877</u>	<u>83,575,278</u>
Total liabilities and net assets	<u>\$ 185,651,185</u>	<u>\$ 184,643,210</u>

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

# MOLLOY COLLEGE

## Statement of Activities

For the year ended June 30, 2016, with summarized comparative totals for the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
OPERATING REVENUE, GAINS AND OTHER SUPPORT					
Student tuition and fees	\$ 120,490,755	\$ -	\$ -	\$ 120,490,755	\$ 110,576,738
Less: Institutional aid	(22,012,351)	-	-	(22,012,351)	(20,761,898)
Student tuition and fees, net	98,478,404	-	-	98,478,404	89,814,840
Government grants and programs	1,323,699	-	-	1,323,699	2,058,294
Gifts and private grants	710,107	1,115,530	149,451	1,975,088	1,606,437
Special events (Note 10)	707,266	-	-	707,266	838,513
Auxiliary enterprises	3,595,143	-	-	3,595,143	3,337,832
Board designated endowment investment return designated for operations (Note 4)	1,293,859	-	-	1,293,859	1,222,586
Other interest and dividends (Note 4)	78,053	150,861	-	228,914	173,563
Other revenue	1,011,152	-	-	1,011,152	885,383
Net assets released from restrictions	811,077	(811,077)	-	-	-
Total operating revenue, gains and other support	108,008,760	455,314	149,451	108,613,525	99,937,448
OPERATING EXPENSES (Note 11)					
Instruction	59,620,929	-	-	59,620,929	55,364,886
General administration	5,867,951	-	-	5,867,951	5,741,266
General institutional (Note 3)	9,365,265	79,406	-	9,444,671	9,082,811
Public relations and development (Note 13)	6,204,477	-	-	6,204,477	5,680,241
Student services	12,017,500	-	-	12,017,500	11,392,275
Library	3,007,859	-	-	3,007,859	2,953,015
Auxiliary enterprises	4,699,084	-	-	4,699,084	5,286,581
Special events (Note 10)	282,409	-	-	282,409	299,186
Total operating expenses	101,065,474	79,406	-	101,144,880	95,800,261
Changes in net assets from operations	6,943,286	375,908	149,451	7,468,645	4,137,187
NON-OPERATING ACTIVITIES					
Capital campaign revenues	-	112,598	-	112,598	353,675
Net assets released from restrictions	1,720,491	(1,720,491)	-	-	-
Investment loss in excess of board designated endowment return designated for operations (Note 4)	(2,559,644)	-	-	(2,559,644)	(642,639)
Total non-operating activities	(839,153)	(1,607,893)	-	(2,447,046)	(288,964)
Changes in net assets	6,104,133	(1,231,985)	149,451	5,021,599	3,848,223
Net assets, beginning of year	72,703,271	6,930,732	3,941,275	83,575,278	79,727,055
Net assets, end of year	\$ 78,807,404	\$ 5,698,747	\$ 4,090,726	\$ 88,596,877	\$ 83,575,278

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

# MOLLOY COLLEGE

## Statement of Cash Flows

For the year ended June 30, 2016, with summarized comparative totals for the year ended June 30, 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,021,599	\$ 3,848,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,692,835	5,053,074
Accretion of interest on conditional asset retirement obligations	96,734	91,468
Net amortization of premium/discount on bonds payable	(172,070)	(111,913)
Amortization of cost of issuance	113,856	103,035
Unrealized/realized loss on long-term investments	1,761,624	479,792
Write-off of campaign pledge receivable	79,406	253,806
Increase in allowance for doubtful accounts	191,793	360,818
Permanently restricted contributions	(149,451)	(142,792)
Changes in assets and liabilities:		
Decrease (increase) in student accounts and other receivables	179,429	(1,176,087)
(Increase) decrease in prepaid expenses and other current assets	(311,039)	50,778
Decrease in capital campaign pledges receivable	550,994	708,596
Increase in CAP21 funds receivable	(100,000)	-
Increase in accounts payable and accrued expenses	148,857	853,216
(Decrease) increase in bond interest payable	(23,500)	727,625
Increase in guarantee liability	498,252	-
(Decrease) increase in student credit balances and deposits	(10,256)	113,185
Increase in deferred tuition and fee revenue	414,987	212,573
Net cash provided by operating activities	<u>13,984,050</u>	<u>11,425,397</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(27,053,913)	(15,875,716)
Sales of investments	23,780,109	22,230,418
Purchase of investments	(24,484,649)	(23,381,596)
Change in cash surrender value of donated life insurance policy	(20,290)	(20,903)
Increase in loans receivable	(131,083)	(191,418)
Net cash used in investing activities	<u>(27,909,826)</u>	<u>(17,239,215)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Sale of bonds, net of original issue premium	-	32,574,808
Increase in cost of issuance	-	(795,274)
Principal payments on bonds payable	(940,000)	(895,000)
Change in deposits with bond trustee	16,056,080	(18,111,619)
Paydown on line of credit	-	(1,700,000)
Sale of certificate of deposit held as collateral for line of credit	-	4,500,000
Payments on capital lease obligations	(18,008)	(7,920)
Permanently restricted contributions	149,451	142,792
Changes in refundable U.S. government grants	161,377	23,717
Net cash provided by financing activities	<u>15,408,900</u>	<u>15,731,504</u>
Increase in cash and cash equivalents	1,483,124	9,917,686
Cash and cash equivalents, beginning of year	<u>21,927,003</u>	<u>12,009,317</u>
Cash and cash equivalents, end of year	<u>\$ 23,410,127</u>	<u>\$ 21,927,003</u>
Supplemental information:		
Interest paid during the year	<u>\$ 3,740,021</u>	<u>\$ 3,029,383</u>
Increase in accounts payable and accrued expense related to capital projects	<u>\$ 4,305,582</u>	<u>\$ 3,021,598</u>
Asset acquired under capital lease	<u>\$ 21,729</u>	<u>\$ 261,696</u>

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

# **MOLLOY COLLEGE**

## **Notes to Financial Statements**

### **June 30, 2016 and 2015**

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#### **1. NATURE OF BUSINESS**

Founded in 1955 by the Dominican Sisters of Amityville, Molloy College is an independent, co-educational Catholic college, rooted in the Dominican tradition of study, spirituality, service, and community, and committed to academic excellence with respect for each person. Through transformative education, Molloy promotes a lifelong search for truth and the development of ethical leadership. With nearly 5,000 students, Molloy College offers 98 undergraduate degrees in career areas, professional areas and in the Liberal Arts and Sciences, as well as 41 Master's degrees and 3 Doctoral degrees, the most recent the Ed.D. in Educational Leadership for Diverse Learning Communities, added in 2015.

The College provides a student-centered learning experience which enhances the intellectual, ethical, spiritual and social development of every student, and strives to enhance the quality of its academic programs, faculty, and teaching learning environment. The College continues to identify, recruit and educate students who demonstrate leadership qualities, understand the need for civic engagement and aspire to serve the community.

Located in Rockville Centre, NY, the College is a dynamic learning institution with outstanding faculty, state-of-the-art technology and distinguished academic programs. Notably, Molloy's Nursing program is among the largest nursing programs in the northeast region and in the country.

The College is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the New York State income tax laws. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

The College's financial statements are prepared using the accrual basis of accounting and are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). As required by US GAAP, the College's financial statements distinguish between unrestricted, temporarily restricted, and permanently restricted net assets and changes in net assets. The College's net assets consist of the following:

Unrestricted Net Assets - consist of all resources of the College which are expendable for carrying on the College's operations. Unrestricted net assets include investment in plant, which is the net property, plant and equipment owned by the College less long-term debt, as well as quasi-endowment funds designated by the Board of Trustees.

Temporarily Restricted Net Assets - consist of the College's net assets resulting (a) from contributions and other inflows of assets whose use by the College is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the College pursuant to those stipulations, (b) from other enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by the passage of time, or their fulfillment and removal by actions of the College pursuant to those stipulations. In addition, appreciation and income on certain donor-restricted endowment funds are classified as temporarily restricted until authorized for spending by the Board of Trustees.

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

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Permanently Restricted Net Assets - result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations as to their use, a standard of prudence and other provisions governing endowment funds of this nature pursuant to the New York Prudent Management of Institutional Funds Act ("NYPMIFA") (see Note 9). The College's permanently restricted net assets at June 30, 2016 and 2015 consisted of scholarship funds.

**Fair Value Measurements**

The fair value standard defines fair value, establishes a framework for measuring fair value, and expands 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 as prescribed by the standard. 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 the asset or liability as of the measurement date.

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

- Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed securities, and corporate-debt securities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other assets that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

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

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The College also measures certain investments using a net asset value (“NAV”) which is exempted from categorization within the fair value hierarchy and related disclosures. Instead, the College separately discloses the information required for assets measured using the NAV practical expedient, and discloses a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash held in banks, money market funds, and U.S. Treasury bills. The College considers all highly liquid financial instruments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash and cash equivalents do not include cash held for long-term investing purposes.

**Long-Term Investments**

The estimated fair value of investments is based on quoted market prices, except for certain alternative investments, for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers. Because the alternative investments which consisted of private equity and hedge funds are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material. The statement of activities recognizes unrealized gains and losses on investments as increases and decreases, respectively, in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation.

Investments, which consist principally of equities, corporate bonds and money market funds, are carried at fair market value based on quoted market prices. Investments in hedge funds and private equity investments are carried at fair value based upon their stated net asset value. Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are based on average costs and are recorded in the statements of activities in the period in which the securities are sold. The net change in unrealized appreciation or depreciation that results from market fluctuations is recognized in the period in which the change occurs. Interest and dividends are recognized in the period earned.

Investments are exposed to various risks, such as interest rate, market, economic conditions, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their value could occur in the near term and such changes could materially affect the reported amounts in the accompanying financial statements.

**Loans Receivable**

Loans receivable represent student loans principally issued under the federal Perkins Student Loan program. Student loans are guaranteed by the federal government.

**Property, Plant and Equipment**

The College capitalizes assets acquired for \$1,000 or more with a useful life greater than one year. Property, plant and equipment are carried at cost for those assets purchased by the College. Fixed assets donated to the College are recorded at fair value as of the date of the donation.

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

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Property, plant and equipment are depreciated beginning in the year they are placed in service using a half-year convention except for instances in which using the date the asset was placed in service to begin calculating depreciation is materially different than using the half-year convention. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings	40 - 50 years
Improvements	10 - 20 years
Furniture, furnishings and equipment	5 - 10 years
Computers	3 - 5 years

Costs incurred for repairs, maintenance and minor improvements are charged to expense as incurred. Major improvements, which substantially extend the useful lives of the assets, are capitalized.

**Refundable U.S. Government Grants**

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

**Tuition, Fees and Auxiliary Enterprises**

Revenue is recorded on the accrual basis of accounting. The College derives its revenue primarily from student tuition and fees, and auxiliary enterprises, which relate to student and campus activities. Such revenues are recognized in the academic semester to which they relate. The College 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.

Student receivables and loans relate to tuition and fees for student attendance and auxiliary enterprises for student and campus activities and have 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.

**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.

**Contributions**

The College records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either unrestricted, temporarily restricted or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets. Unconditional contributions to be received after one year are discounted using a credit risk adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based on historical collection experience, an assessment

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

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of the creditworthiness of the respective donor and nature of fundraising activity. Receivables are written-off in the period in which they are deemed uncollectible and payments received subsequently are recorded as income in the period received.

The College reports gifts of cash or other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year as the receipts, are reported as unrestricted contributions.

The College reports gifts of property, plant and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long such assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Accounting for Income Taxes**

The College follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements 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.

The College is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The College has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The tax years ended June 30, 2013, 2014, 2015, and 2016 are still open to audit for both federal and state purposes. The College has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

#### **Functional Expenses**

Expenses are allocated into functional categories on the statement of activities depending upon the ultimate purpose of the expenditure. Plant operation and maintenance, depreciation, amortization and accretion expenses, and interest expense have been allocated amongst the functional categories benefitted based on square footage.

#### **Measure of Operations**

The statement of activities presents the changes in net assets by distinguishing between operating and non-operating activities. Operating activities principally include all revenues and expenses that relate to the College’s educational programs, research, training, and supporting activities. Operating revenues also include interest and dividends earned on the College’s long-term investments based on the College’s

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

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spending formula. Unrestricted operating revenues also include release of temporarily restricted net assets in support of operating activities. Contributions, except for those intended for capital or endowment purposes are also included as operating revenues.

The College has defined non-operating activities principally as investments return on long-term investments not designated; capital campaign contributions added to the endowment or supporting major capital acquisition or construction; other grants supporting capital acquisition or construction; and net assets released from restrictions designated for capital expenditures. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of non-operating activities.

**Concentrations of Credit Risk**

Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the College maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio. At June 30, 2016, the College's cash and investments were placed with high credit quality financial institutions and, accordingly, the College does not expect nonperformance.

**Reclassification**

Certain information in the fiscal 2015 financial statements has been reclassified to conform to the fiscal 2016 presentation. There were no changes in revenues, expenses or changes in net assets as reflected in the 2015 financial statements.

**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.

**New Pronouncements**

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. The ASU requires that deferred bond and letter of credit issuance costs be presented net of related debt on the statements of financial position. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted and applied retrospectively. Management has elected to early adopt the ASU, effective for the year ended June 30, 2016 and has applied the guidance retroactively for all periods presented.

**Summarized Comparative Information**

The statement of activities includes certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the College's audited financial statements as of and for the year ended June 30, 2016, from which the summarized information was derived.

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

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**Subsequent Events**

The College evaluated its June 30, 2016 financial statements for subsequent events through November 18, 2016, the date the financial statements were issued. Other than the subsequent event disclosed in footnote 14, the College is not aware of any subsequent events which require recognition or disclosure in the accompanying financial statements.

**3. PLEDGES RECEIVABLE, NET**

Pledges receivable net, are summarized as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 675,189	\$ 872,556
One to five years	<u>447,785</u>	<u>888,185</u>
	1,122,974	1,760,741
Less: Unamortized discount to present value	<u>(6,698)</u>	<u>(14,065)</u>
Pledges receivable, net	<u>\$ 1,116,276</u>	<u>\$ 1,746,676</u>

The discount rate on outstanding pledges receivable ranged between 0.96% and 1.24% at June 30, 2016 and 2015.

During fiscal 2016, pledges receivable from donors totaling \$79,406 were written-off. The bad debt expense of \$79,406 was reflected in temporarily restricted net assets in the accompanying 2016 statement of activities.

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

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**4. INVESTMENTS**

Long-term investments, stated at fair value, consisted of the following at June 30, 2016 and 2015:

	<b>Fair Value</b>	
	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 925,777	\$ 2,281,218
U.S. Government and agency bonds	3,455,978	2,856,090
Corporate bonds	8,286,750	6,196,008
Equities	11,235,238	8,478,124
Mutual funds	463,592	356,497
Private equity investments	1,115,364	1,199,597
Hedge funds	2,170,347	5,965,199
Exchange-traded funds	4,979,737	3,276,362
Pooled equities	-	3,117,537
TIAA Traditional Annuity	163,193	123,932
State of Israel bonds	21,000	25,000
	<u>32,816,976</u>	<u>33,875,564</u>
Investments held as collateral (money market)	<u>564,061</u>	<u>562,557</u>
Total investments	<u>\$ 33,381,037</u>	<u>\$ 34,438,121</u>

As of June 30, 2016, the College had outstanding commitments to invest an additional \$511,620 in certain private equity interests over a period of up to eight years with the possibility of two one year extensions and \$98,095 in one private equity interest over a period of up to ten years with a possibility of four one year extensions.

Investment return is comprised of the following for the years ended June 30, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Interest and dividends	\$ 724,753	\$ 1,233,302
Realized (loss) gains	(834,503)	475,075
Unrealized loss, net of investment fees of \$200,472 and \$176,797 in 2016 and 2015, respectively	<u>(927,121)</u>	<u>(954,867)</u>
Total investment return	<u>\$ (1,036,871)</u>	<u>\$ 753,510</u>

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

The following table represents the College's investments, measured at fair value, within the fair value hierarchy, as of June 30, 2016.

	Fair Value	Level 1	Level 2	Level 3	Investments measured at NAV
Cash and cash equivalents	\$ 925,777	\$ 925,777	\$ -	\$ -	\$ -
U.S. Government and agency bonds	3,455,978	3,455,978	-	-	-
Corporate bonds	8,286,750	8,286,750	-	-	-
Equities	11,235,238	11,235,238	-	-	-
Exchange-traded funds	4,979,737	4,979,737	-	-	-
State of Israel bonds	21,000	-	21,000	-	-
TIAA Traditional Annuity	163,193	-	-	163,193	-
Investments held as collateral (money market)	564,061	564,061	-	-	-
Private equity investments	1,115,364	-	-	-	1,115,364
Hedge funds	2,170,347	-	-	-	2,170,347
Mutual funds	463,592	-	-	-	463,592
Subtotal	<u>\$ 33,381,037</u>	<u>\$ 29,447,541</u>	<u>\$ 21,000</u>	<u>\$ 163,193</u>	<u>\$ 3,749,303</u>

The following table represents the College's investments, measured at fair value, within the fair value hierarchy, as of June 30, 2015.

	Fair Value	Level 1	Level 2	Level 3	Investments measured at NAV
Cash and cash equivalents	\$ 2,281,218	\$ 2,281,218	\$ -	\$ -	\$ -
U.S. Government and agency bonds	2,856,090	2,856,090	-	-	-
Corporate bonds	6,196,008	6,196,008	-	-	-
Equities	8,478,124	8,478,124	-	-	-
Exchange-traded funds	3,276,362	3,276,362	-	-	-
State of Israel bonds	25,000	-	25,000	-	-
TIAA Traditional Annuity	123,932	-	-	123,932	-
Investments held as collateral (money market)	562,557	562,557	-	-	-
Private equity investments	1,199,597	-	-	-	1,199,597
Hedge funds	5,965,199	-	-	-	5,965,199
Mutual funds	356,497	-	-	-	356,497
Pooled equities	3,117,537	-	-	-	3,117,537
Subtotal	<u>\$ 34,438,121</u>	<u>\$ 23,650,359</u>	<u>\$ 25,000</u>	<u>\$ 123,932</u>	<u>\$ 10,638,830</u>

**MOLLOY COLLEGE**  
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The College uses the NAV per share for purposes of reporting the fair value of all its underlying investments which: (a) do not have a readily determinable fair value and (b) the investment managers prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category, which have a reported fair value based on NAV:

2016								
Strategy	Significant Investment Strategy	NAV in Funds	Number of Funds	Life of Fund	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions
Private Equity	Infrastructure and Infrastructure Related Assets, Capital Appreciation, Global Equities	\$ 1,115,364	4	Approximately 10 years	Approximately \$609,715	Over remaining life of funds	Illiquid monthly with 20 days notice	N.A. 5% holdback until taxes completed
Hedge Fund	Global Macro Emerging Markets	1,183,692	1	N/A	N/A	N/A	Monthly with 60 days notice	10% holdback until audit completed
Hedge Fund	Global Macro Emerging Markets	978,924	1	N/A	N/A	N/A	Semi annual with 60 days notice	10% holdback until audit completed
Hedge Fund	Equity Long/Short	7,731	1	N/A	N/A	N/A	Quarterly with 45 days notice	5% holdback until audit completed
Mutual Fund	TIAA CREF Accounts	341,938	13	N/A	N/A	N/A	Daily	N/A
Mutual Fund	TIAA Real Estate Account	121,654	1	N/A	N/A	N/A	Quarterly with 1 day notice	N/A
		<u>\$ 3,749,303</u>						

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2015

Strategy	Significant Investment Strategy	NAV in Funds	Number of Funds	Life of Fund	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions
Private Equity	Infrastructure and Infrastructure Related Assets, Capital Appreciation, Global Equities	\$ 1,199,597	4	Approximately 10 years	Approximately \$772,689	Over remaining life of funds	Illiquid monthly with 20 days notice	N.A. 5% holdback until taxes completed
Hedge Fund	Senior Secured Loans to Non-Investment Grade Companies	31,178	1	N/A	\$ -	N/A	Investment redeemed	Awaiting 5% holdback
Hedge Fund	Global Macro Emerging Markets	1,022,677	1	N/A	N/A	N/A	Monthly with 60 days notice	10% holdback until audit completed
Hedge Fund	Credit Long/Short	1,019,434	1	N/A	N/A	N/A	Monthly with 20 days notice	N.A.
Hedge Fund	Global Macro Emerging Markets	955,926	1	N/A	N/A	N/A	Semi annual with 60 days notice	10% holdback until audit completed
Hedge Fund	Event Driven	1,895,958	1	N/A	N/A	N/A	Quarterly with 60 days notice	10% holdback until audit completed
Hedge Fund	Equity Long/Short	1,040,026	1	N/A	N/A	N/A	Quarterly with 45 days notice	5% holdback until audit completed
Pooled Vehicle	Global Equity	3,117,537	1	N/A	N/A	N/A	Daily with 6 days notice	N/A
Mutual Fund	TIAA CREF Accounts	276,636	13	N/A	N/A	N/A	Daily Quarterly with	N/A
Mutual Fund	TIAA Real Estate Account	79,861	1	N/A	N/A	N/A	1 day notice	N/A
		<u>\$ 10,638,830</u>						

The College's Level 3 investment consists of a TIAA Traditional Annuity account, a fixed rate annuity contract that is fully and unconditionally guaranteed and backed by the claims-paying ability by Teachers Insurance and Annuity Association of America ("TIAA"). During the accumulation phase, the TIAA Traditional Annuity provides a guaranteed minimum rate of interest between 1% and 3% with the potential for additional interest, if declared by TIAA. The TIAA Traditional Annuity is reported at contract value. The contract value of the TIAA Traditional Annuity equals the accumulated cash contributions, interest credited, and transfers, if any, less than withdrawals and transfers, if any. The TIAA Traditional Annuity

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is not available for sale or transfer on any securities exchange. Accordingly, transactions in similar investment instruments are not observable. The crediting rate is supported by the investment performance of a large, diversified portfolio which is correlated with the highest quality debt security yields, and is adjusted for contract liquidity. A twenty-year analysis of crediting rates for TIAA Traditional Annuity contracts suggests a rate of return that is representative of a risk adjusted market rate for this type of product. While transactions involving the purchases and sales of individual TIAA Traditional contracts are not observable in a public marketplace, contract value provides an approximation of fair value.

The following table summarizes the activity within the College's Level 3 investments for the year ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
<b>Balance at July 1</b>	\$ 123,932	\$ 228,581
Purchases	142,551	85,436
Sales	(114,952)	(193,383)
Earnings	<u>11,662</u>	<u>3,298</u>
<b>Balance at June 30</b>	<u>\$ 163,193</u>	<u>\$ 123,932</u>

**5. STUDENT LOANS RECEIVABLE AND REFUNDABLE GOVERNMENT GRANTS**

The College makes uncollateralized loans to students based on financial need under the Federal Perkins loan program. Student loans are funded through Federal government loan programs or institutional resources. At June 30, 2016, student loans represented 1.5 % of total assets. At June 30, 2016 and 2015, student loans for Federal government programs totaled \$2,874,147 and \$2,743,064, respectively. Of these amounts, as of June 30, 2016 and 2015, \$1,639,402 and \$1,470,097, respectively, were not yet in repayment status.

Amounts due under the Federal Perkins loan program are guaranteed by the government and therefore, no reserves are placed on any past due balances.

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

<u>June 30,</u>	<u>In Default &lt; 240 Days (Monthly Installments) or 270 Days (Other Installments)</u>	<u>In Default &gt; 240 Days (Monthly Installments) or 270 Days (Other Installments) and &lt; 2 Years</u>	<u>In Default &gt; 2 Years, Up to 5 Years</u>		<u>Total Past Due</u>
			<u>In Default &gt; 5 Years</u>		
2016	166,984	58,707	49,686	153,415	299,465
2015	182,271	68,407	66,258	155,592	429,606

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The availability of funds for loans under the Federal Perkins loan program is dependent on reimbursement to the pool from repayments on outstanding loans. Funds advanced by the Federal government of \$1,760,427 and \$1,599,050 at June 30, 2016 and 2015, respectively, are ultimately refundable to the government and are classified as liabilities in the accompanying statement of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

**6. PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment, net, consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Buildings	\$ 105,114,718	\$ 75,018,041
Furniture, furnishings and equipment	28,991,299	25,476,679
Building improvements	27,553,895	24,707,504
Leasehold improvements	<u>4,146,771</u>	<u>3,831,752</u>
	165,806,683	129,033,976
Less: Accumulated depreciation and amortization	<u>(54,272,205)</u>	<u>(48,579,370)</u>
Net depreciable property, plant and equipment	111,534,478	80,454,606
Land	3,273,630	3,273,630
Construction in progress	<u>584,807</u>	<u>14,587,454</u>
	<u>\$ 115,392,915</u>	<u>\$ 98,315,690</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was \$5,692,835 and \$5,053,074, respectively.

**7. CONDITIONAL ASSET RETIREMENT OBLIGATIONS**

The College recognizes the cost associated with the eventual remediation and abatement of asbestos contained within its physical plant. The cost of the abatement is based upon the estimate of a contractor who specializes in such abatements. The College recognized accretion expense of \$96,734 and \$91,468 in fiscal 2016 and 2015, respectively, relating to this obligation. In 2015, the Maria Regina portion of the estimate and the accumulated depreciation was written-off due to the renovation and building having been put into service in September 2014. At June 30, 2016 and 2015, the College's conditional asset retirement obligation was \$1,779,787 and \$1,683,053, respectively. The conditional asset retirement obligation was calculated using an inflationary rate ranging from 5.5% to 6.0% and a credit adjusted discount rate ranging from 5.5% to 6.0% for both fiscal years 2016 and 2015.

**MOLLOY COLLEGE**  
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**8. BONDS PAYABLE**

In November 2009, the Town of Hempstead Local Development Corporation (the “Agency”) issued \$50,000,000 of Revenue Bonds, Series 2009 (the “Series 2009 Bonds”), with maturities through 2039, at interest rates ranging from 5.0% through 2016, 5.25% through 2019, 5.75% through 2023, and 5.75% through 2039, less a net discount of \$175,027.

The proceeds from the Series 2009 Bonds were used to finance the costs of certain facilities located on portions of the College’s campus, consisting of (a) the acquisition, construction, furnishing and equipping of (i) an approximately 36,000 square foot residence hall, (ii) an approximately 59,000 square foot campus center and associated parking, and, (iii) an approximately 6,000 square foot two-story maintenance building, and, (b) the renovation and improvement of various walkways, parking areas, landscaped areas and courtyards located on the campus. Proceeds from the sale of the Series 2009 Bonds were also used to pay certain capitalized interest on the Series 2009 Bonds during the construction period and to pay costs of issuance totaling \$1,504,436, net of amortization of \$537,340 and \$461,601 at June 30, 2016 and 2015, respectively. Amortization expense of the cost of issuance, calculated using the effective interest method, for the years ended June 30, 2016 and 2015 was \$75,739 and \$79,975, respectively. The proceeds have been deposited with US Bank National Association, as Trustee (the “Trustee”). As of June 30, 2016 and 2015, cash and cash equivalents (primarily money market funds) with the Trustee were \$2,318,552 and \$2,296,605, respectively, and were considered Level 1 assets within the fair value hierarchy.

In November 2014, the Town of Hempstead Local Development Corporation (the “Agency”) issued \$30,000,000 of Revenue Bonds, Series 2014 (the “Series 2014 Bonds”), with maturities through 2044 at a fixed interest rate of 5.0%, plus a premium of \$2,574,808.

The proceeds from the Series 2014 Bonds were used (a) to finance the costs of certain facilities located on portions of the College’s campus, consisting of (i) the construction, furnishing and equipping of an approximately 50,000 square foot academic building for the nursing program, (ii) reimbursing the College for certain costs of the renovation and improvement of an existing approximately 24,000 square foot faculty residence into a student residence, and (iii) related site work and other renovations and improvements on the Campus. Proceeds from the sale of the Series 2014 Bonds were also used to pay certain capitalized interest on the Series 2014 Bonds during the construction period and to pay costs of issuance totaling \$795,274, net of amortization of \$61,177 and \$23,060 at June 30, 2016 and 2015. Amortization expense of the cost of issuance, calculated using the effective interest method, for the years ended June 30, 2016 and 2015 was \$38,117 and 23,060, respectively. The proceeds have been deposited with US Bank National Association, as Trustee (the “Trustee”). As of June 30, 2016 and 2015, cash and cash equivalents (primarily money market funds) with the Trustee were \$2,011,048 and \$18,089,075, respectively, and were considered Level 1 assets within the fair value hierarchy.

In accordance with the bond agreement, the payment of the principal and interest on the Series 2009 Bonds and the Series 2014 Bonds are an unconditional obligation of the College and are secured by a mortgage on the Rockville Centre campus and a pledge of gross revenues. Off-campus properties owned by the College will not be subject to the mortgage.

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The College is required to make semi-annual payments to the Agency, in amounts equal to the Agency's debt service payments. As of June 30, 2016 and 2015, bond interest payable in the amount of \$2,083,015 and \$2,106,515 represents the interest due on July 1, 2016 and 2015, respectively.

The following is a summary of the minimum annual principal and interest payments for the College's Series 2009 and 2014 Bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 985,000	\$ 4,166,030	\$ 5,151,030
2018	1,035,000	4,116,780	5,151,780
2019	1,640,000	4,065,030	5,705,030
2020	1,720,000	3,980,305	5,700,305
2021	1,810,000	3,891,443	5,701,443
Thereafter	<u>69,875,000</u>	<u>48,696,003</u>	<u>118,571,003</u>
Total	<u>77,065,000</u>	<u>\$ 68,915,591</u>	<u>\$ 145,980,591</u>
Plus unamortized premium	2,297,226		
Less unamortized discount	(304,188)		
Less cost of issuance	<u>(1,701,193)</u>		
	<u>\$ 77,356,845</u>		

**9. NET ASSETS AND ENDOWMENTS**

Temporarily restricted net assets at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Funded scholarships	\$ 710,114	\$ 674,110
Other grants and restricted donations	1,672,360	1,271,248
Capital campaign	3,244,717	4,913,818
Student loan funds and other	<u>71,556</u>	<u>71,556</u>
	<u>\$ 5,698,747</u>	<u>\$ 6,930,732</u>

The College's endowment consists of 105 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the College's Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The primary investment objectives of the College are to provide funds for scholarships and the operation of the College and to maintain and enhance the value of the investment assets. The overall investment goal of the College therefore, is to achieve the proper balance between preservation of principal and current support and the need for real growth and future support.

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The spending policy of the College is that the long-term target for the annual amount distributed from the investments shall be 5.0% or less of the investment balance. The investment balance shall be based on a 3-year moving average of fair values, adjusted for contributions and distributions.

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”). All not-for-profit organizations formed in New York must apply this law.

The Board of Trustees of the College through its approved investment policy guidelines, has interpreted NYPMIFA to allow the College to spend below the historical dollar value of its endowment funds unless specific donors have stipulated to the contrary. At June 30, 2016, the College had not spent below the historical dollar value of its endowments.

As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of the gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until such amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the fund.
2. The purpose of the College and its donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of endowment investments.
6. Other resources of the College.
7. The investment policy of the College.
8. Where appropriate, alternatives to spending from its donor-restricted endowment fund and the possible effects on the College.

The following table summarizes endowment net asset composition by type of fund as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 710,114	\$ 4,090,726	\$ 4,800,840
Board-designated endowment funds	<u>27,387,735</u>	<u>-</u>	<u>-</u>	<u>27,387,735</u>
	<u>\$ 27,387,735</u>	<u>\$ 710,114</u>	<u>\$ 4,090,726</u>	<u>\$ 32,188,575</u>

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The following table summarizes endowment net asset composition by type of fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 674,110	\$ 3,941,275	\$ 4,615,385
Board-designated endowment funds	<u>28,752,366</u>	<u>-</u>	<u>-</u>	<u>28,752,366</u>
	<u>\$ 28,752,366</u>	<u>\$ 674,110</u>	<u>\$ 3,941,275</u>	<u>\$ 33,367,751</u>

The changes in endowment net assets for the fiscal years ended June 30, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Balance, June 30, 2014</b>	\$ 28,051,161	\$ 661,599	\$ 3,798,483	\$ 32,511,243
Contributions	-	35,128	142,792	177,920
Scholarships/expenses	(162,557)	(100,613)	-	(263,170)
Investment earnings	<u>863,762</u>	<u>77,996</u>	<u>-</u>	<u>941,758</u>
<b>Balance, June 30, 2015</b>	28,752,366	674,110	3,941,275	33,367,751
Contributions		11,475	133,432	144,907
Scholarships/expenses	(307,666)	(103,358)		(411,024)
Transfer of funds		(16,019)	16,019	-
Investment earnings	<u>(1,056,965)</u>	<u>143,906</u>	<u>-</u>	<u>(913,059)</u>
<b>Balance, June 30, 2016</b>	<u>\$ 27,387,735</u>	<u>\$ 710,114</u>	<u>\$ 4,090,726</u>	<u>\$ 32,188,575</u>

For the years ending June 30, 2016 and 2015, the Board of Trustees approved an appropriation from the board designated endowment fund of \$1,293,859 and \$1,222,586, respectively, which the College did not ultimately utilize in operations. Accordingly, such amounts remained within the board designated endowment.

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no underwater endowments as of June 30, 2016 or 2015.

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**10. SPECIAL EVENTS**

The College received revenue from the following special events during the years ended June 30, 2016 and 2015:

Special Events	Gross Revenues		Direct Expenses		Net Revenues	
	2016	2015	2016	2015	2016	2015
Trustees' Dinner Dance	\$ 340,953	\$ 377,139	\$ 142,024	\$ 147,789	\$ 198,929	\$ 229,350
Golf Outing	229,063	299,324	102,240	112,377	126,823	186,947
Energeia Golf Outing	137,250	162,050	38,145	39,020	99,105	123,030
	<u>\$ 707,266</u>	<u>\$ 838,513</u>	<u>\$ 282,409</u>	<u>\$ 299,186</u>	<u>\$ 424,857</u>	<u>\$ 539,327</u>

**11. ALLOCATION OF CERTAIN EXPENSES**

The College allocates operation and maintenance of plant, depreciation, amortization and accretion and interest expense to specific program and supporting service activities on the basis of utilization of the underlying assets. For the years ended June 30, 2016 and 2015, the following allocation of expenses was included in the accompanying statements of activities:

	2016			
	Operation and Maintenance of Plant	Depreciation, Amortization and Accretion	Interest	Total
Instruction	\$ 4,410,271	\$ 2,986,474	\$ 1,280,673	\$ 8,677,418
General administration	226,252	170,714	18,674	415,640
General institutional	123,450	118,702	74,261	316,413
Public relations and development	118,475	89,293	9,778	217,546
Student services	1,065,293	938,930	530,907	2,535,130
Library	447,374	356,832	122,974	927,180
Auxiliary enterprises	1,372,126	1,128,624	1,241,274	3,742,024
	<u>\$ 7,763,241</u>	<u>\$ 5,789,569</u>	<u>\$ 3,278,541</u>	<u>\$ 16,831,351</u>

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	2015			
	Operation and Maintenance of Plant	Depreciation, Amortization and Accretion	Interest	Total
Instruction	\$ 3,149,944	\$ 2,298,018	\$ 495,548	\$ 5,943,510
General administration	238,570	163,235	21,852	423,657
General institutional	136,041	116,204	46,010	298,255
Public relations and development	126,928	86,850	11,626	225,404
Student services	1,180,154	967,364	340,045	2,487,563
Library	479,271	358,987	88,946	927,204
Auxiliary enterprises	<u>1,469,922</u>	<u>1,153,884</u>	<u>1,777,901</u>	<u>4,401,707</u>
	<u>\$ 6,780,830</u>	<u>\$ 5,144,542</u>	<u>\$ 2,781,928</u>	<u>\$ 14,707,300</u>

**12. EMPLOYEE BENEFIT PLANS**

The College participates in a defined contribution pension plan administered by TIAA, which covers substantially all of its full-time faculty and administrative personnel. Total pension expense was \$3,166,887 and \$3,029,847 for the years ended June 30, 2016 and 2015, respectively.

The College has a 457(b) and a 457(f) deferred compensation plan (the "457 Plans"), for a select group management and highly compensated employees, which is also administered by TIAA. The 457 Plans are nonqualified deferred compensation plans subject to the provisions of the Internal Revenue Code Section 457. Until paid or made available to the participant, all deferred amounts and investment earnings related to deferral amounts are solely the property and rights of the College and are subject to the claims of the College's creditors. Participants' rights under the 457 Plans are equal to those of a general creditor of the College. As of June 30, 2016 and 2015, the 457 Plan assets and corresponding liabilities totaled \$626,785 and \$480,429, respectively, and are included in investments and accounts payable and accrued expenses in the accompanying statement of financial position. Participants have discretion over the investments in their account.

**13. FUNDRAISING EXPENSES**

Fundraising expenses are included in public relations and development in the accompanying statement of activities. For the years ended June 30, 2016 and 2015, fundraising expenses totaled \$1,707,726 and \$1,563,192, respectively. For purposes of reporting fundraising expenses, the College includes only those fundraising costs incurred by its development office.

**14. COMMITMENTS AND CONTINGENCIES**

A provision for amounts due to government agencies for costs which may be disallowed upon examination by government auditors has not been included in the accompanying financial statements. Management believes that the effect of such disallowances, if any, would not have a material effect on the financial position, changes in net assets or cash flows of the College.

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The College is obligated under various lease agreements and employment contracts expiring through June 30, 2020. Future minimum payments under all agreements at June 30, 2016 are as follows:

**Fiscal Year**

2017	\$ 954,187
2018	804,914
2019	773,755
2020	<u>642,450</u>
	<u>\$ 3,175,306</u>

Rent expense for the years ended June 30, 2016 and 2015 was \$541,688 and \$669,494, respectively.

The College, in the normal course of its operations, is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the College is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the College's financial position, changes in net assets and cash flows.

On September 20, 2013, as part of the plan to reintroduce the Theatre Arts degree, the College entered into an agreement with Collaborative – Arts 21 (“CAP21”), a multi-purpose institution comprised of a theatre conservatory and a not-for-profit theatre company. The terms of the agreement provided that CAP21 teach the studio courses of the College's Bachelors of Fine Arts (“BFA”) program through an initial term ending June 30, 2023. As part of the initial agreement, CAP21 requested assistance to cover projected cash shortfalls. In 2013, the College transferred \$560,000 to FJC as collateral for a loan which FJC gave to CAP21. The collateral is recorded in the College's statement of financial position in long-term investments. In January 2014, the College advanced tuition payments of \$400,000 to CAP21. In February 2016, the College gave CAP21 a loan of \$500,000, which is personally guaranteed by principal's of CAP21. Due to the uncertainty of CAP21's financial position going forward, the College has set up an allowance for the \$400,000 tuition advance and a contingency of \$498,252 for the remaining CAP 21 outstanding obligation to FJC. As the \$500,000 loan is fully collateralized, no contingency has been made.

Effective November 10, 2016, the College and CAP21 executed a termination agreement which stipulated that the College assume responsibilities and control for all instructional, operational, financial, and programmatic components of the BFA program. This allows the College to refine the program and develop a more unified and efficient conservatory curriculum within a four-year academic institution. In satisfaction of the \$500,000 loan and advanced tuition payments provided by the College to CAP21 which totaled \$898,252 at the date of termination agreement, CAP21 transferred its trademark, course curriculum, and various equipment and furniture to the College. In addition, the College has taken over a portion of CAP21's facility lease in New York City through June 30, 2017.

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**15. CAPITAL LEASE OBLIGATIONS**

The College has entered into various leases for copy machines and they are recorded in the financial statements as capital leases. The related obligation, in the amount equal to the present value of the minimum lease payments payable during the remaining term of the lease, is recorded as a liability.

As of June 30, 2016, the future minimum payments (principle and interest) under the capital leases are as follows:

2017	\$	179,659
2018		179,659
2019		179,659
2020		60,794
2021		<u>12,194</u>
		611,965
Less: amount representing interest		<u>(354,468)</u>
Present value of future minimum lease payments	\$	<u>257,497</u>

## APPENDIX C

### Schedule of Definitions and Summary of Documents

#### SCHEDULE OF DEFINITIONS

As used this Official Statement, the following terms shall have the meanings set forth below.

“Act” means, collectively, the New York Membership Corporation Law as in effect in 1966, as amended and supplemented by Section 1411 of the New York Not-For-Profit Corporation Law.

“Account” means any Account within any Fund designated and created pursuant to the Indenture.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the College or the Issuer under any applicable bankruptcy, reorganization, insolvency or similar law as is now or hereafter in effect.

“Additional Bonds” or “Series of Additional Bonds” means any Series of Additional Bonds issued by the Issuer on behalf of the College pursuant to the Indenture.

“Affiliate” shall mean a corporation, partnership, association, limited liability company, joint venture, business trust or similar entity organized under the laws of any state that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common contract with, the College.

“Annual Compliance Fee” means the \$1,500 Annual Compliance Fee to be paid by the College to the Issuer on or before January 1 of each year pursuant to the Loan Agreement.

“Applicable Elected Representative” means any Person constituting an “applicable elected representative” within the meaning given to the term in Section 147(f)(2)(E) of the Code.

“Assignment of Mortgages” or “Assignment of Mortgage” means collectively, (i) the Assignment of Building Loan Mortgage, dated as of November 1, 2014 from the Issuer to the Trustee as collateral and security for the Series 2014 Bonds, (ii) the Assignment of Project Loan Mortgage, dated as of November 1, 2014 from the Issuer to the Trustee as collateral and security for the Series 2014 Bonds, (iii) the Assignment of Mortgage and Security Agreement, dated the Closing Date, from the Issuer to the Trustee as collateral and security for the Series 2017 Bonds, and (iv) the assignment of any other Mortgages, from the Issuer to the Trustee to secure any Series of Additional Bonds.

“Authorized Investments” means:

- 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)  
Direct obligations are fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration  
Participation Certificates
6. Government National Mortgage Association (GNMA or "Ginnie Mae")  
GNMA – guaranteed mortgage-backed bonds  
GNMA – guaranteed pass-through obligations  
(not acceptable for certain cash-flow sensitive issues)
7. U.S. Maritime Administration  
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures – U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

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  
Senior debt obligations
2. Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac")  
Participation Certificates  
Senior debt obligations
3. Federal National Mortgage Association ("FNMA" or "Fannie Mae")  
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association ("SLMA" or "Sallie Mae")  
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System  
Consolidated systemwide bonds and notes

- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933. Said funds include The Common Fund for Short Term Investments (the “Short Term Fund”) organized by the Commonfund Group located in Wilton, Connecticut.
- 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 Trustee 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 Reserve Fund Put Agreements provided by banks and other institutions rated AAA by S&P and Aaa by Moody’s or secured by collateral and structured as described in (A), (B) and (E) above.
- H. Commercial paper rated, at the time of purchase, Prime – 1 by Moody’s and A-1 or better by S&P.
- I. Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P 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 S&P.
- K. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.
  - 1. Repurchase agreements must be between the Issuer and a dealer bank or securities firm.
    - a. Primary dealers on a Federal Reserve reporting dealer list which are rated A or better by S&P and Moody’s or
    - b. Banks rated A or above by S&P, Fitch and Moody’s.
  - 2. The written repurchase agreements contract must include the following:
    - a. Securities which are acceptable for transfer are:
      - (1) Direct U.S. governments, or
      - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA and FHLMC)
    - b. The term of the repurchase agreements may be up to 30 days.

- c. The collateral must be delivered to the Issuer, the Trustee (if the 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:
    - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
      - (a) 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 repurchase agreements 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%.
3. Legal opinion which must be delivered to the Issuer:
- a. Repurchase agreements meet guidelines under state law for legal investment of public funds.

“Authorized Representative” means, in the case of the Issuer, the Chairman, the Vice Chairman, the Executive Director and Chief Executive Officer, Deputy Executive Director and Chief Financial Officer, the Secretary or the Assistant Secretary of the Issuer; in the case of the College, the President or the Treasurer of the College; and, in the case of either of the Issuer and the College, such additional persons as, at the time, are designated to act on behalf of the Issuer or the College, as the case may be, by written certificate furnished to the Trustee, the Issuer or the College, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Issuer by the Chairman, the Vice Chairman, the Executive Director and Chief Executive Officer, Deputy Executive Director and Chief Financial Officer, the Secretary or the Assistant Secretary of the Issuer, or (ii) the College by the President or the Treasurer of the College.

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

“Bankruptcy Code” means the United States Bankruptcy Code, as amended from time to time.

“Bond” or “Bonds” or “Series of Bonds” means, collectively, the Series 2014 Bonds, the Series 2017 Bonds and any Series of Additional Bonds.

“Bond Counsel” means the law firm of Nixon Peabody LLP or an attorney or other firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bond Documents” means the Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Compliance Agreement, the Mortgage, the Assignment of Mortgage, the Note, the Building Loan Agreement, the Continuing Disclosure Agreement, the Environmental Compliance and Indemnification Agreement, the Preliminary Official Statement, the Official Statement and the Control Account Agreement.

“Bond Fund” means the fund so designated which is established by the Indenture.

“Bond Purchase Agreement” (i) the Bond Purchase Agreement, dated November 6, 2014, among the Issuer, the College and the Underwriter, and (ii) the Bond Purchase Agreement, dated June 6, 2017, among the Issuer, the College and the Underwriter, as the same may be amended from time to time.

“Bond Proceeds” means the aggregate amount, including any accrued interest, paid to the Issuer by the Bondholders pursuant to the Indenture as the purchase price of a Series of Bonds.

“Bond Rate” means the tax-exempt rate of interest from time to time payable on any of the Bonds as defined therein.

“Bond Resolution” means (i) with respect to the Series 2009 Bonds the resolution duly adopted by the Issuer on October 28, 2009, authorizing the issuance, execution, sale and delivery of the Series 2009 Bonds and the execution and delivery of Issuer Documents, as such resolution may be amended or supplemented from time to time, (ii) with respect to the Series 2014 Bonds the resolution duly adopted by the Issuer on October 22, 2014, authorizing the issuance, execution, sale and delivery of the Series 2014 Bonds and the execution and delivery of Issuer Documents, as such resolution may be amended or supplemented from time to time and (iii) with respect to the Series 2017 Bonds the resolution duly adopted by the Issuer on May 18, 2017, authorizing the issuance, execution, sale and delivery of the Series 2017 Bonds and the execution and delivery of Issuer Documents, as such resolution may be amended or supplemented from time to time.

“Bond Year” means with respect to each Series Bonds, each 1-year period (or shorter period from the date of issue) that ends at the close of business on the day in the calendar year that is selected by the Issuer (and approved by the College), which must be the last day of a compounding interval used in computing the yield on such Series of Bonds.

“Bondholder” means Owner.

“Building Loan Agreement” means the Building Loan Agreement, dated as of November 1, 2014, by and among the Issuer, the College and the Trustee.

“Business Day” means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in New York, New York or any city in which the principal office of

the Trustee or any Paying Agent is located are authorized by law or executive order to remain closed.

“Certificate of Authentication of the Trustee” and “Trustee’s Certificate of Authentication” means the certificate executed by an authorized signatory of the Trustee certifying the due authentication of each of the Bonds issued under the Indenture.

“Closing Date” means (i) with respect to the Series 2014 Bonds, the date of delivery of the Series 2014 Bonds, and (ii) with respect to the Series 2017 Bonds, the date of delivery of the Series 2017 Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and the final, temporary and proposed rules, regulations, rulings and interpretations of the Department of the Treasury promulgated thereunder.

“College” means Molloy College, an education corporation duly organized and validly existing under the laws of the State of New York, and its successors and assigns.

“College Documents” means the Bond Purchase Agreement, the Loan Agreement, the Tax Compliance Agreement, the Mortgage, the Note, the Building Loan Agreement, the Continuing Disclosure Agreement, the Environmental Compliance and Indemnification Agreement, the Preliminary Official Statement, the Official Statement and the Control Account Agreement.

“Completion Certificate” means the Completion Certificate delivered by the College to the Issuer and the Trustee pursuant to the Loan Agreement.

“Completion Date” means (i) with respect to the Series 2014 Project, the date of completion of the Series 2014 Project as certified to pursuant to the Series 2014 Loan Agreement and (ii) with respect to the Series 2017 Project, the Closing Date.

“Computation Period” means “Computation Period” as defined in the Tax Compliance 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 entity or other Person acting under governmental authority.

“Construction Account” means the Construction Account within the Project Fund which is established by the Indenture.

“Construction Costs” shall have the meaning assigned thereto in the Tax Compliance Agreement.

“Continuing Disclosure Agreement” means (i) the Continuing Disclosure Undertaking, dated November 14, 2014, between the College and the Trustee, and (ii) the Continuing Disclosure Undertaking, dated July 7, 2017, between the College and the Trustee.

“Control Account Agreement” means the Control Account Agreement to be entered into among the College, the Trustee and Signature Bank.

“Cost of the Series 2017 Project” or “Costs of the Series 2017 Project” means all those costs and items of expense listed in the Series 2017 Loan Agreement.

“Debt Service Payment” means, with respect to any Debt Service Payment Date, (i) the interest payable on such Debt Service Payment Date on all Bonds then Outstanding, plus (ii) the principal or Redemption Price, if any, payable on such Debt Service Payment Date on all such Bonds.

“Debt Service Payment Date” means any date on which each Debt Service Payment shall be payable on any of the Bonds so long as the Bonds shall be outstanding.

“Default Rate” shall have the meaning assigned thereto in the Bonds.

“Demand Indebtedness” means any Long Term Indebtedness the principal of and accrued interest on are payable by the College upon demand of the holder of such Indebtedness.

“DTC” means The Depository Trust Company, New York, New York.

“DTC Letter of Representation” means the Letter of Representation from the Issuer to DTC.

“Environmental Compliance and Indemnification Agreement” means the Environmental Compliance and Indemnification Agreement, dated as of November 1, 2009, from the College to the Issuer and the Trustee.

“Equipment” means all machinery, equipment and other personal property used and to be used in connection with the Project and financed with Bond Proceeds.

“Event of Default” (i) when used with respect to the Indenture means any of those events defined as an Event of Default by the Indenture, and (ii) when used with respect to the Loan Agreement, means any of the events defined as Events of Default by the Loan Agreement.

“Event of Taxability” means:

(i) a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the College shall consent or from which no timely appeal shall be taken to the effect that interest on the Bonds is includible in the gross income of the owner thereof under Section 61 of the Code; or

(ii) the delivery to the College and to the Issuer of an opinion of Bond Counsel (reasonably satisfactory to the College) to the effect that interest on the Bonds is includible in the gross income of the owner thereof under Section 61 of the Code.

“Exempt Organization” means an organization described in Section 501(c)(3) of the Code and which is exempt from federal income taxation pursuant to Section 501(a) of the Code.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all fees and expenses incurred by or due to the Trustee or any Paying Agent under the Indenture other than Ordinary Services and Ordinary Expenses, including reasonable fees and disbursements of Trustee’s counsel.

“Facility” shall have the meaning ascribed to such term in the recitals of the Frist Supplemental Indenture.

“First Supplemental Indenture” means the First Supplemental Indenture of Trust, dated as of November 1, 2014, by and between the Issuer and the Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 2014 Bonds, and the security therefor as the same may be amended or supplemented from time to time

“Fiscal Year” means the twelve (12) month period beginning on July 1 in any year or such other fiscal year as the College may select from time to time.

“Fitch” means Fitch Ratings and its successors and assigns.

“Government Obligations” means:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGS”).
2. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
3. Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
4. Pre-refunded municipal bonds rated Aaa by Moody’s and AAA by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations or AAA rated pre-refunded municipals to satisfy this condition.
5. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
  - a. U.S. Export-Import Bank (Eximbank)  
Direct obligations are fully guaranteed certificates of beneficial ownership
  - b. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
  - c. Federal Financing Bank
  - d. General Services Administration  
Participation Certificates
  - e. U.S. Maritime Administration  
Guaranteed Title XI financing
  - f. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures – U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

“Gross Revenues” means all student tuition, room and board charges, student fees and charges, receipts, revenues, income or other moneys received by or on behalf of the College from the operations of all the College’s facilities, all the proceeds, product, offspring, rent and profits of all the College’s facilities and all other income available to the College from any other source, all proceeds of insurance available to the College pursuant to or required by the Loan Agreement (including rights and proceeds under policies of business interruption insurance, but not under policies of casualty insurance) and all rights to receive the same including present and future accounts, accounts receivable, contract rights, contracts and agreements, proceeds from the sale of general intangibles, documents, instruments and inventory and all proceeds from any thereof owned, leased or used by the College in the conduct of all or any part of its business operated in all the College’s facilities, all investment income, gifts, bequests, contributions, grants and donations, excluding only grants, gifts, bequests, contributions and other donations and any income derived therefrom to the extent specifically restricted by the donor or grantor to a special object or purpose or certain purposes, and all supporting evidence and documents relating to any of the above-described property, including, without limitation, payment records, correspondence, together with all books of account and ledgers in which the same are reflected or maintained, all whether now owned or existing or hereafter arising or coming into existence; provided, however, Gross Revenues shall not include the portion of any student board plan revenues or other food service revenues payable by the College to any food service provider pursuant to a contract with such food service provider.

“Gross Revenue Fund” means the fund so designated which is established by the Indenture.

“Hazardous Substance” means, without limitation, any flammable, explosive, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum constituents, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials, pollutants, or toxic pollutants, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251 et seq.), Articles 17 and 27 of the New York State Environmental Conservation Law, or any other applicable Environmental Law and the regulations promulgated thereunder.

“Holder” means Owner.

“Improvements” means all those buildings, improvements, structures and other related facilities (i) financed with Bond Proceeds or of any payment by the College pursuant to the Loan Agreement, and (ii) not part of the Equipment, all as they may exist from time to time.

“Indebtedness” means, without duplication, indebtedness for borrowed money incurred or guaranteed by the College, whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, including guaranties, reimbursement obligations, indebtedness under

purchase money mortgages, capital leases, installment sales agreements and similar security arrangements which appear as debt on the audited balance sheet of the College in accordance with generally accepted accounting principles then applicable to the College.

“Indenture” means, collectively, the Original Indenture and the First Supplemental Indenture, as each may be amended or supplemented from time to time.

“Independent Counsel” means an attorney or attorneys or firm or firms 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 Issuer, the College or the Trustee.

“Information Report” means Form 8038 used by the issuers of certain tax-exempt bonds to provide the Internal Revenue Service with the information required to monitor the State volume limitations.

“Initial Bondholder” means Cede & Co., as nominee for DTC, as the initial owner of the Bonds.

“Initial Compliance Fee” means (i) with respect to the Series 2014 Bonds, the Initial Compliance Fee in the amount of \$2,500 paid by the College to the Issuer on the Closing date pursuant to the Series 2014 Loan Agreement and (ii) with respect to the Series 2017 Bonds, the Initial Compliance Fee in the amount of \$3,000 paid by the College to the Issuer on the Closing date pursuant to the Series 2017 Loan Agreement.

“Issuer” means (i) the Town of Hempstead Local Development Corporation, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

“Issuer Documents” means the Bond Purchase Agreement, the Bonds, the Loan Agreement, the Indenture, the Mortgage, the Assignment of Mortgage, the Note, the Building Loan Agreement, the Tax Compliance Agreement, the Information Report, the Preliminary Official Statement and the Official Statement.

“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 the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” also means any reservations, exceptions, encroachments, 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, carriers’ and other similar encumbrances affecting real property. For the purposes of this definition, 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 Agreement” means, collectively, the Series 2014 Loan Agreement, the Series 2017 Loan Agreement or any other Loan Agreement entered into in connection with any Series of Additional Bonds.

“Loan Term” means the duration of the loan term created in the Loan Agreement.

“Long-Term Indebtedness” means Indebtedness with a term greater than one (1) year.

“Maximum Annual Debt Service” means the highest amount of principal and interest payable with respect to the College’s Long-Term Indebtedness during the then current or any succeeding Bond Year over the remaining term of any Bonds. For purposes of calculating Maximum Annual Debt Service, (i) variable rate Indebtedness is deemed to bear interest at the most recent Bond Buyer 25 Revenue Bond Index (if tax-exempt) or the 30-year United States Treasury Rate (if taxable) and (ii) the principal of Balloon Indebtedness will be deemed to mature in equal annual installments over a term equal to the lesser of (x) twenty years or (y) the actual term of such Indebtedness.

“Moody’s” means Moody’s Investor Service.

“Mortgage” or “Mortgages” shall mean collectively, the Series 2014 Mortgages, the Series 2017 Mortgage, any mortgage and security agreement granted by the College to secure any Additional Bonds or Parity Indebtedness, and shall include any and all amendments thereof and supplements thereto and assignment of interests therein hereafter made in conformity therewith, and with the Indenture and the Loan Agreement.

“Mortgaged Property” shall have the meaning ascribed to such term in the Mortgage.

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

“Note” or “Promissory Note” means (i) the Promissory Note dated the Closing Date with respect to the Series 2014 Bonds, from the College to the Issuer, substantially in the form of Exhibit C to the Series 2014 Loan Agreement, evidencing the College’s obligations to make Loan Payments with respect to the Series 2014 Bonds to the Issuer, and (ii) the Promissory Note dated the Closing Date with respect to the Series 2017 Bonds, from the College to the Issuer, substantially in the form of Exhibit C to the Series 2017 Loan Agreement, evidencing the College’s obligations to make Loan Payments with respect to the Series 2017 Bonds to the Issuer.

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

“Official Statement” means (i) the Official Statement, dated November 6, 2014, distributed by the Underwriter and the College in connection with the sale of the Series 2014 Bonds, and (ii) the Official Statement, dated June 6, 2017, distributed by the Underwriter and the College in connection with the sale of the Series 2017 Bonds.

“Ordinary Services” and “Ordinary Expenses” means those services normally rendered and those fees and expenses normally incurred by or due to a trustee or paying agent, as the case may be, under instruments similar to the Indenture, including reasonable fees and disbursements of counsel for the Trustee.

“Original Indenture” means the Indenture of Trust, dated as of November 1, 2009, by and between the Issuer and the Trustee, entered into in connection with the issuance, sale, delivery and payment of the Bonds, and the security therefor as the same may be amended or supplemented from time to time.

“Outstanding” or “Bonds Outstanding” or “Outstanding Bonds” means all bonds which have been authenticated by the Trustee and delivered by the Issuer under the Indenture, or any supplement thereto, except: (i) any Bond cancelled by the Trustee because of payment or redemption prior to maturity; (ii) any bond deemed paid in accordance with the provisions of the Indenture, except that any such Bond shall be considered Outstanding until the maturity date thereof only for the purposes of being exchanged or registered; and (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture, unless proof satisfactory to the Trustee is presented that any Bond, for which a Bond in lieu of or in substitution therefor shall have been authenticated and delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds so authenticated and delivered in lieu thereof or in substitution therefor shall be deemed Outstanding.

“Owner” means the registered owner of any Bond as shown on the registration books maintained by the Trustee pursuant to the Indenture.

“Parity Indebtedness” means any Indebtedness including Additional Bonds issued pursuant to the Indenture and Indebtedness by the College pursuant to the Loan Agreement which is secured by a parity lien on the Mortgaged Property and the Gross Revenues of the College.

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

“Permitted Encumbrances” means (i) the Loan Agreement, (ii) the Mortgage, (iii) the Assignment of Mortgages (iv) the Building Loan Agreement and (x) any Permitted Liens.

“Permitted Liens” means: (i) any judgment lien or notice of pending action against the College as to which the College is insured as to the full amount of potential liability, or if the College is uninsured or underinsured, so long as such judgment or pending action is being contested and execution thereon is stayed; (ii)(A) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (1) terminate such right, power franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Property or materially and adversely affect the value thereof, or (2) purchase, condemn, appropriate or recapture, or designate a purchaser of, such Property; (B) any Liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any Liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount of validity of which, are being

contested and execution thereon is stayed or, with respect to Liens of mechanics, materialmen, and laborers, have been due for less than sixty (60) days; and (C) easements, utility, access and other easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; (iii) any Lien which will come into existence on or is existing on the Closing Date provided that no such Lien (or the amount of Indebtedness secured thereby) may be increased, extended, renewed or modified to apply to any Property of the College not subject to such Lien on such date, unless such Lien as so increased, extended, renewed or modified otherwise qualifies as a Permitted Lien under the Indenture; (iv) purchase money security interests and security interests existing on any Property prior to the time of its acquisition through purchase, merger, consolidation or otherwise, or placed upon Property to secure a portion of the purchase price thereof, or lessor's interests in leases required to be capitalized in accordance with generally accepted accounting principles; provided that the aggregate principal amounts secured by any such interests shall not exceed at the time of incurrence or assumption the fair market value of such Property subject to such security interests and equipment leases of less than one (1) year; (v) liens arising by reason of good faith deposits in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; (vi) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to secure letters or lines of credit issued to fulfill statutory obligations including bonds for the performance of any employer's obligations under worker's compensation self insurance programs, or to enable the College to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit-sharing plans or other similar arrangements, or to share in the privileges or benefits required for companies participating in such arrangements, or in favor of a bank or trust company on deposits with such bank or trust company or to enable a bank or trust company to use deposits with such bank or trust company for set-off of Indebtedness of the College to such bank or trust company; (vii) any Lien arising by reason of an irrevocable deposit; (viii) any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds or on moneys to repay Indebtedness while held in a debt service fund, debt service reserve fund or a redemption fund, or on any moneys to secure payment of the trustee's fees; (ix) liens for taxes or special assessments not then delinquent or which are being contested in good faith; (x) liens on Property due to rights of third-party payors for set-off or recoupment of amounts paid to the College; (xi) any Lien arising solely by reason of a lease of Property to others which lease (A) would not have any material adverse effect upon (1) the security for the Bonds, (2) the operations of the Property, or (3) the amount of Gross Revenues, or (B) is of a customary type such as office space for educational institutions, food service facilities, book store, gift shops or other special services, and similar departments; and (xii) other Liens and encumbrances in favor of the Issuer or the Trustee.

“Person” or “Persons” means an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision or branch thereof.

“Plans and Specifications” means those plans and specifications, if any, for the Improvements, as may be from time to time prepared for the College, as revised from time to time in accordance with the Loan Agreement.

“Preliminary Official Statement” means (i) the Preliminary Official Statement, dated October 30, 2014, distributed by the Underwriter and the College in connection with the sale of the Series 2014 Bonds, and (ii) the Preliminary Official Statement, dated May 26, 2017, distributed by the Underwriter and the College in connection with the sale of the Series 2017 Bonds.

“Project” means, collectively, the Series 2014 Project and the Series 2017 Project, financed by the College with the proceeds of the respective Series of Bonds loaned by the Issuer to the College under the Loan Agreement.

“Project Fund” means the fund so designated which is created by the Indenture.

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

“Public Purposes” shall mean the Issuer’s objective to relieve and reduce unemployment, promote and provide for additional and maximum employment, bettering and maintaining job opportunities, instruct or train individuals to improve or develop the capabilities for such jobs, carrying on scientific research for the purpose of aiding the territory in which its operations are principally to be conducted by attracting new industry to such territory or by encouraging the development of, or retaining of an industry in said territory, and lessening the burdens of government and acting in the public interest.

“Rating Agency” means Moody’s, Fitch, S&P or such other nationally recognized rating agency which shall have issued and is maintaining a rating on the Bonds.

“Rating Agency Letter” means the rating letter from each Rating Agency assigning a rating on any Series of Bonds.

“Rebate Amount” means, with respect to the Bonds, the amount computed as described in the Tax Compliance Agreement.

“Rebate Fund” means the fund so designated pursuant to the Indenture.

“Record Date” means, with respect to any Debt Service Payment Date, the fifteenth (15<sup>th</sup>) day of the month next preceding such Debt Service Payment Date (whether or not a Business Day).

“Redemption Date” means, when used with respect to a Bond, the date of redemption thereof established 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 Indenture.

“Renewal Fund” means the fund so designated and created pursuant to the Indenture.

“Responsible Officer”, when used with respect to the Trustee, means any officer of the Trustee with responsibility for the administration of the Indenture and, when used with respect to a particular corporate trust matter, also means any other officer to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject.

“Schedule of Definitions” means the words and terms set forth in the Schedule of Definitions attached to the Indenture as the same may be amended from time to time.

“Second Supplemental Indenture” means the Second Supplemental Indenture of Trust, dated as of July 1, 2017, by and between the Issuer and the Trustee, entered into in connection with the issuance, sale, delivery and payment of the Series 2017 Bonds, and the security therefor as the same may be amended or supplemented from time to time.

“SEQR Act” means the State Environmental Quality Review Act and the regulations thereunder.

“Series” or “Series of Bonds” means any Series of Bonds issued for the benefit of the College pursuant to the Indenture.

“Series 2014 Bonds” means the Issuer’s Revenue Bonds, Series 2009 (Molloy College Project) issued pursuant to the terms of the First Supplemental Indenture on November 14, 2014 in the aggregate principal amount of \$30,000,000 and substantially in the form of Exhibit A of the First Supplemental Indenture.

“Series 2014 Loan Agreement” means the Loan Agreement, dated as of November 1, 2014, by and between the Issuer and the College with respect to the Series 2014 Project, as the same may be amended from time to time.

“Series 2014 Mortgages” means the Building Loan Mortgage and Security Agreement, dated as of November 1, 2014, from the College to the Issuer and the Project Loan Mortgage and Security Agreement, dated as of November 1, 2014, each as amended from time to time.

“Series 2014 Project” shall have the meaning ascribed to such term in the recitals of the First Supplemental Indenture.

“Series 2017 Bonds” means the Issuer’s Revenue Refunding Bonds, Series 2017 (Molloy College Project) issued pursuant to the terms of the Second Supplemental Indenture on July 7, 2017, in the aggregate principal amount of \$43,250,000 and substantially in the form of Exhibit A of the Second Supplemental Indenture.

“Series 2017 Facility” means an approximately 36,000 square foot residence hall, an approximately 59,000 square foot campus center and associated parking area, an approximately 6,000 square foot two-story maintenance building, and various walkways, parking areas, landscaped areas and courtyards located on the Campus.

“Series 2017 Loan Agreement” means the Loan Agreement, dated as of July 1, 2017, by and between the Issuer and the College with respect to the Series 2017 Project, as the same may be amended from time to time.

“Series 2017 Mortgage” means the Mortgage and Security Agreement, dated as of July 1, 2017, from the College to the Issuer, as amended from time to time.

“Series 2017 Project” shall have the meaning ascribed to such term in the recitals of the Second Supplemental Indenture.

“Short-Term Indebtedness” means Indebtedness with a term of one (1) year or less, but not including accounts payable by the College in the ordinary course of its operations.

“Sinking Fund Installments” means Sinking Fund Payments.

“Sinking Fund Payments” means payments made on a Debt Service Payment Date to pay the Redemption Price of bonds called for redemption pursuant to the Indenture.

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc.

“State” means the State of New York.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture or in connection with the issuance of any Additional Bonds adopted by the Issuer in accordance with the Indenture.

“Tax Compliance Agreement” means (i) with respect to the Series 2014 Bonds, the Tax Regulatory Agreement, dated November 14, 2014, (ii) with respect to the Series 2017 Bonds, the Tax Regulatory Agreement, dated July 7, 2017, or (iv) any other Tax Compliance Agreement entered into in connection with any Series of Additional Bonds.

“Tax Incidence Date” means the date from which the interest on the Bonds is deemed to be includible in the gross income of the owner of a Bond by virtue of an Event of Taxability.

“Triggering Event” shall have the meaning assigned thereto in the Loan Agreement.

“Trust Estate” means the rights assigned pursuant to the Indenture and all Property which may from time to time be subject to the Lien of the Indenture.

“Trustee” means (i) U.S. Bank National Association, a national banking association having trust powers duly organized and existing under the laws of the United States of America, having an office at 100 Wall Street, Suite 1600, New York, New York 10005, and (ii) its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

“Unassigned Rights” means the rights of the Issuer and moneys payable pursuant to and under Sections 5.3(b), 6.4(b) and (c), 6.7, 8.2, 8.8, 10.2(a)(i)(A) and (B), (iii) and (vi), 10.4(a) and 11.2(b) of the Loan Agreement.

“Underwriter” means (i) with respect to the Series 2014 Bonds, J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, (ii) with respect to the Series 2017 Bonds J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 or (iii) its successors and assigns.

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## SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Original Indenture, as supplemented and amended by the First Supplemental Indenture and by the Second Supplemental Indenture, collectively referred to as 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” and “THE SERIES 2017 BONDS.”

### **Authentication**

No Series 2017 Bond shall be valid for any purpose or shall be entitled to any right or benefit under the Indenture unless there shall be endorsed on such Bond a Certificate of Authentication, duly executed by the Trustee, substantially in the form set forth in the Form of Series 2017 Bonds included in the Second Supplemental Indenture as Exhibit A. Such executed Certificate of Authentication by the Trustee upon any such Series 2017 Bond shall be conclusive evidence that such Series 2017 Bond has been authenticated and delivered under the Indenture. The Trustee’s Certificate of Authentication on any Series 2017 Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same person sign the Certificate of Authentication on all of the Series 2017 Bonds issued under the Indenture. *(Second Supplemental Indenture - Section 2.04)*

### **Mutilated, Lost, Stolen or Destroyed Bonds**

(a) In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and, upon its request, the Trustee shall authenticate and deliver, a new Bond of like maturity, series, interest rate and principal amount and bearing the same number (or such number as the Trustee shall permit) as the mutilated, destroyed, lost or stolen Bond, in exchange for the mutilated Bond, or in substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and to the Trustee (i) such security or indemnity as may be required by them to hold each of them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant’s Bond and of the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer or the Trustee. In case any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Issuer may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and to the Trustee such security or indemnity as they may require to hold them harmless and evidence to the satisfaction of the Issuer and the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

(b) Every new Bond issued pursuant to the provisions of the Indenture shall constitute an additional contractual, special obligation of the Issuer (whether or not the destroyed, lost or stolen Bond shall be found at any time after the issuance of such new Bonds, in which case the destroyed, lost or stolen Bond shall be void and unenforceable) and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued under the Indenture.

(c) All Bonds shall be held and owned upon the express condition that the provisions of under this heading are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude all other rights or remedies, notwithstanding any law or statute existing or enacted to the contrary after the date of the Indenture. (*Section 2.09*)

### **Additional Bonds**

(a) So long as the Indenture is in effect, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) financing additional costs with respect to the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Project in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions, improvements or facilities to the Project, the purpose of which shall be to constitute a “project” within the meaning of the Act, (iv) funding the costs of acquiring, constructing, equipping and start-up costs of any capital project of the College that qualifies as a “Project” under the Act, (v) refunding Outstanding Bonds or Indebtedness of the College or (vi) refunding any other Indebtedness or bonds for which the College is the primary obligor, or for which the College is responsible for paying the debt service payments in connection therewith, or which the College has guaranteed. Such Additional Bonds shall be payable from the receipts and revenues payable to the Issuer from a Loan Agreement between the Issuer and the College. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, (x) the Issuer and the College shall enter into a new Loan Agreement providing, among other things, that the payments payable under the new Loan Agreement shall be computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith and (y) the Mortgage shall be amended, modified or supplemented and consolidated to secure such series of Additional Bonds and the pledge of Gross Revenues shall be extended to secure such Series of Additional Bonds.

(b) Each such series of Additional Bonds shall be deposited with the Registrar and thereupon shall be authenticated by the Authenticating Agent. Upon payment to the Trustee of the proceeds of sale of the Additional Bonds, they shall be delivered by the Registrar at the direction of the Trustee to or upon the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(i) a copy of the resolution, duly certified by the Chairman, Vice Chairman, Secretary, Assistant Secretary or Executive Director and Chief Executive Officer of the Issuer, authorizing, issuing and awarding the Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Sublease Agreement;

(ii) original executed counterparts of the Supplemental Indenture and the new Loan Agreement, expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture and the new Loan Agreement, the project referred to therein and the premises financed or refinanced thereunder shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Additional Bonds being issued as well as the Bonds now being issued and any Additional Bonds theretofore issued;

(iii) a written opinion of Bond Counsel, to the effect that the issuance of the Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(iv) a certificate of an Authorized Representative of the College to the effect that each Bond Document, as amended, to which it is a party continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;

(v) an original, executed counterpart of the amendment to each Bond Document;

(vi) an executed municipal bond insurance policy issued by a bond insurer or other credit facility issued by a bank which guarantees or secures the payment of principal of and interest on the Additional Bonds, in each case, only if such Additional Bonds are to be insured by a bond insurer or secured by a credit facility issued by a bank; and

(vii) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any; and

(viii) a certificate of the Chief Financial Officer of the College evidencing that the issuance of such series of Additional Bonds complies with the Series 2009 Loan Agreement.

(c) (i) Upon the request of the College, one or more series of Additional Bonds may be authenticated and delivered upon original issuance to refund (“Refunding Bonds”) all Outstanding Bonds or any part of Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Indenture and of the resolution authorizing said Refunding Bonds. In the case of the refunding under the provisions the Indenture under this heading of less than all Bonds Outstanding, the Trustee shall proceed to select such Bonds in accordance with the Indenture.

(ii) Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by paragraph (b) above, as may be applicable) of:

(A) Irrevocable written instructions from the Issuer to the Trustee, at least forty-five (45) days prior to the Redemption Date, satisfactory to the Trustee, to give due notice of redemption pursuant to the Indenture to the Holders of all the

Outstanding Bonds to be refunded prior to maturity on the Redemption Date specified in such instructions;

(B) Either:

- (1) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price, together with accrued interest on such Bonds to the maturity or Redemption Date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, which moneys shall be held in trust and used as provided in the Indenture, or
- (2) Government Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Indenture, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more series of Outstanding Bonds being refunded), which Government Obligations and moneys shall be held in trust and used only as provided in the Indenture.

(iii) The College shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Government Obligations and moneys required to effect such payment at maturity or earlier redemption.

(d) Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Indenture, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture.

(e) Notwithstanding anything herein to the contrary, no series of Additional Bonds shall be issued unless: (i) at the time of issuance of such Series of Additional Bonds and after the application of proceeds thereof, there is no Event of Default under any Bond Document; (ii) the Loan Agreement is in effect and at the time of issuance there is no Event of Default under any such document nor any event which upon notice or lapse of time or both would become such an Event of Default; and (iii) the Rating Agency, if any, has confirmed in writing that the issuance of such Additional Bonds will not result in a reduction or withdrawal of the then current rating on the Bonds Outstanding.

(f) The Supplemental Indenture providing for the issuance of any Series of Additional Bonds shall contain applicable provisions for the payment of principal of, Redemption Price of, and interest on such Series of Additional Bonds including any interest rate modes applicable to such Series of Additional Bonds, redemption provisions applicable to such Series of Additional Bonds, such Funds, Accounts or subaccounts to be created or held by the Trustee under the Indenture with respect to such Series of Additional Bonds, collateral and

security (including credit facilities securing such Series of additional Bonds) and such other terms and provisions as the Issuer may determine are necessary in connection with the issuance of such Additional Bonds. (*Section 2.14*)

### **Establishment of Funds**

The following trust funds are established with the Trustee and shall be held, maintained and administered by the Trustee on behalf of the Issuer in accordance with the Indenture:

(a) Town of Hempstead Local Development Corporation Bond Fund – Molloy College (the “**Bond Fund**”), and within such Bond Fund, an “Interest Account” and a “Principal Account” and within such Interest Account and Principal Accounts, a “Series 2014 Principal Sub-Account”, a “Series 2017 Principal Sub-Account” and a “Series 2014 Interest Sub-Account”, and a “Series 2017 Interest Sub-Account”, respectively, and Sub-Accounts for series of Additional Bonds.

(b) Town of Hempstead Local Development Corporation Project Fund – Molloy College (the “**Project Fund**”), and within such Project Fund, a separate “Series 2014 Capitalized Interest Account”, a separate “Series 2014 Construction Account”, a separate “Series 2009 Bonds Defeasance Account”, a separate “Series 2017 Cost of Issuance Account” and a “Capitalized Interest Account” for any series of Additional Bonds issued under the Indenture, if applicable, and a “Construction Account”.

(c) Town of Hempstead Local Development Corporation Rebate Fund – Molloy College (the “**Rebate Fund**”).

(d) Town of Hempstead Local Development Corporation Renewal Fund – Molloy College (the “**Renewal Fund**”), and within the Renewal Fund a separate “Series 2017 Renewal Account” and separate Accounts for each Series of Bonds issued under the Indenture.

(e) Town of Hempstead Local Development Corporation Gross Revenue Fund – Molloy College (the “**Gross Revenue Fund**”).

(f) Upon the issuance of any series of Additional Bonds pursuant to the Indenture, the Supplemental Indenture entered into with such series of Additional Bonds shall create such Funds and Accounts and/or subaccounts within any Account with respect to such series of Bonds. (*Section 4.01*)

### **Moneys to Be Held in Trust**

All moneys deposited with, paid to or received by the Trustee for the accounts of the Issuer (other than amounts deposited in the Rebate Fund) shall be held by the Trustee in trust, and shall be subject to the lien of the Indenture and held for the security of the Owners of the particular Series of Bonds until paid in full; provided, however, that moneys which have been deposited with, paid to or received by the Trustee (i) for the redemption of a portion of the particular Series of Bonds, notice of the redemption of which has been given, or (ii) for the payment of the particular Series of Bonds or interest thereon due and payable otherwise than upon acceleration by declaration, shall be held in trust for and subject to a Lien in favor of only

the Owners of such Series of Bonds so called for redemption or so due and payable. Upon the issuance of any series of Additional Bonds pursuant to the Indenture, the Supplemental Indenture entered into with such series of Additional Bonds shall create such Funds and Accounts and/or subaccounts within any Account with respect to such series of Bonds. *(Section 4.03)*

### **Use of the Moneys in Project Fund**

(a) Moneys in the Project Fund shall be applied and expended by the Trustee in accordance with the provisions of the Indenture and of the Loan Agreement.

(b) The Trustee is hereby authorized and directed, on the Closing Date, to transfer amounts on deposit in the Series 2009 Bonds Defeasance Account to the defeasance account described in the Letter of Instructions delivered on the Closing Date pay the costs to redeem or defease the Series 2009 Bonds.

(c) Except as otherwise provided in paragraphs (a) and (b) above, the Trustee is directed to issue its checks for each disbursement from the Series 2017 Cost of Issuance Account of the Project Fund upon being furnished with a written requisition therefor certified by an Authorized Representative of the College and substantially in the form of Exhibit B annexed to the Second Supplemental Indenture to pay the Costs of the Series 2017 Project. The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom.

(d) On the date that is 180 days after the Closing Date, any balance remaining in the Series 2017 Costs of Issuance Account of the Project Fund, except amounts the College shall have directed the Trustee, in writing, to retain for any Costs of the Series 2017 Project not then due and payable, and after the making of any transfer to the Rebate Fund that the College shall have directed the Trustee, in writing, to make as required by the Tax Compliance Agreement and the Indenture, shall without further authorization be transferred to the Bond Fund and thereafter applied as provided in the Indenture.

(e) Within sixty (60) days after transfer of the balance in the Project Fund relating to the Bonds to the Bond Fund, the Trustee shall file an accounting thereof with the Issuer and the College and the Trustee shall call the Bonds for redemption pursuant to the Indenture.

(f) All earnings on amounts held in the Project Fund shall be retained in the respective account of the Project Fund until the Completion Date. Any transfers by the Trustee of amounts to the Rebate Fund (only at the direction of the College) shall be drawn by the Trustee from the Project Fund.

(g) If an Event of Default under the Indenture shall have occurred and the outstanding principal amount of the Bonds shall have been declared due and payable, the entire balance remaining in the Project Fund, after making any transfer to the Rebate Fund directed to be made by the College pursuant to the Tax Compliance Agreement and the Indenture, shall be transferred to the Bond Fund. *(Section 4.04)*

## **Payments into Bond Fund**

In addition to the payment into the Bond Fund of the accrued interest, if any, on the Bonds pursuant to the Indenture, there shall be deposited in the Bond Fund, as and when received (a) all payments received by the Trustee under the Loan Agreement with respect to the payment of debt service on any Series of Bonds; (b) amounts transferred from the Capitalized Interest Account to the applicable interest subaccount of the Interest Account pursuant to the Indenture; (c) the balance in the Project Fund and the Renewal Fund to the extent specified in the Indenture; (d) amounts transferred from the Gross Revenue Fund pursuant to the Indenture; (e) the amount of net income or gain received from the investments of moneys in the Bond Fund and all Funds and Accounts (other than the Rebate Fund) held under the Indenture after the Completion Date; (f) amounts transferred pursuant to the Loan Agreement and (g) all other moneys received by the Trustee pursuant to any of the provisions of the Loan Agreement or the Indenture and designated for deposit in the Bond Fund. (*Section 4.05*)

## **Use of Moneys in Bond Fund**

Except as otherwise expressly provided in the Indenture, moneys in the Bond Fund shall be used solely for the purchase or redemption of the Bonds as provided in the Indenture. Moneys deposited in the Bond Fund in accordance with the provisions of the Indenture, however, may not be used for the payment of interest on the Bonds.

(b) The Trustee shall, on or before each Debt Service Payment Date of the Bonds, pay out of the monies then held for the credit of the Interest Account the amounts required for the payment of interest becoming due on the respective series of the Bonds on such Debt Service Payment Date, and such amounts so withdrawn are irrevocably dedicated for and shall be applied to the payment of interest.

(c) The Trustee shall, on or before each Debt Service Payment Date, when principal of the Bonds or Sinking Fund Payments are due, pay out of the monies then held for the credit of the Principal Account the amounts required for the payment of principal or Sinking Fund Payments becoming due at maturity, on a Sinking Fund Payment Date, or upon redemption of the respective series of the Bonds on such Debt Service Payment Date or Sinking Fund Payment Date and such amounts so withdrawn are irrevocably dedicated for and shall be applied to the payment of principal or Sinking Fund Payments.

(d) Moneys transferred to the Bond Fund from the Project Fund pursuant to the Indenture, from the Renewal Fund pursuant to the Indenture or transferred to the Bond Fund pursuant to the Loan Agreement shall be invested, at the written direction of the College with yield not in excess of (i) the yield on the Bonds or (ii) yield on tax-exempt obligations as described in Section 148(b)(3) of the Code, subject to limitations on earnings as set forth in the Tax Compliance Agreement, and such moneys and earnings thereon shall be applied only to pay the principal of the Bonds as they become due and payable or the Redemption Price of Bonds subject to redemption pursuant to the Indenture.

(e) In the event there shall be on any Debt Service Payment Date, a deficiency in the Bond Fund (a “**Payment Deficiency**”), with respect to any Bond or Series of Bonds, the Trustee

shall make up any such deficiency from the Gross Revenue Fund to the extent of the amounts in the Gross Revenue Fund, by the withdrawal of monies from the Gross Revenue Fund, to the extent available and by the sale or redemption of securities held in the Gross Revenue Fund sufficient to make up any deficiency. The Issuer shall charge the College a late payment penalty under the Loan Agreement in the amounts certified by the Trustee required to make up any deficiencies in the Gross Revenue Fund.

(f) The Trustee shall call the Bonds for redemption according to the Indenture, upon written direction of the Issuer or the College to the Trustee, on or after the date the Bonds are subject to optional redemption pursuant to the Indenture, whenever the assets of the Bond Fund shall be sufficient in the aggregate to provide monies to pay, redeem or retire all the Bonds then Outstanding or to redeem the Bonds in part pursuant to the Indenture, including accrued interest thereon to the Redemption Date. The Trustee shall call any series of Additional Bonds for redemption in accordance with the Supplemental Indenture providing for the issuance of such series of Additional Bonds.

(g) Moneys in the Bond Fund shall be used by the Trustee, upon request of an Authorized Representative of the College, to purchase the Bonds on the most advantageous terms obtainable with reasonable diligence, provided that no such purchase shall be made:

(i) if an Event of Default under the Loan Agreement or the Mortgage has occurred and is continuing;

(ii) within forty-five (45) days prior to any date on which Series of Bonds are subject to redemption pursuant to the Indenture;

(iii) if the amount remaining in the Bond Fund, after giving effect to such purchase, is less than the amount required for the payment of the principal or Redemption Price of the Bonds theretofore matured or called for redemption, plus interest to the date of maturity or the Redemption Date, as the case may be, in all cases where such Series of Bonds have not been presented for payment; or

(iv) at a price in excess of that specified by the College in its request to the Trustee, plus accrued interest to the date of purchase.

The Trustee shall promptly notify the Issuer and the College of the principal amount and the maturity of each Series of Bond so purchased and the balance held in the Bond Fund after such purchase.

(h) In connection with the purchase of the Bonds with moneys on deposit in the Bond Fund as provided in paragraph (g) above, the Trustee shall negotiate or arrange for such purchases in such manner (through brokers or otherwise and with or without receiving tenders) as it shall in its discretion determine.

(i) If the balance in the Bond Fund, not otherwise required for scheduled payments of principal of, Redemption Price or interest on the Bonds, forty-five (45) days prior to any date on which Series of Bonds are subject to redemption pursuant to the Indenture equals or exceeds \$50,000, the Trustee shall, upon request of an Authorized Representative of the College, apply as

much of such balance as can be so applied to the redemption of Bonds on such next succeeding Redemption Date in the manner provided in the Indenture. The Trustee shall promptly notify the Issuer and the College of the principal amount and maturity of each Series of Bonds so redeemed and the balance held in the Bond Fund after such redemption.

(j) Whenever the amount in the Bond Fund is sufficient to redeem all of the Outstanding Bonds and to pay accrued interest to maturity or the date of redemption, the Trustee shall, upon request of an Authorized Representative of the College, take and cause to be taken the necessary steps to redeem all such Bonds on the next succeeding Redemption Date for which the required redemption notice may be given or on such later Redemption Date as may be specified by the College. *(Section. 4.06)*

### **Payments into Renewal Fund; Application of Renewal Fund**

(a) The Net Proceeds resulting from any insurance award, condemnation award or recovery from any contractor or subcontractor with respect to the Project shall be deposited in the applicable Account of the Renewal Fund. The amounts in the Renewal Fund shall be subject to a security interest, lien and charge in favor of the Trustee until disbursed as provided in the Indenture.

(b) If the College elects to replace, repair, rebuild, restore or relocate the Project pursuant to the Loan Agreement, the Trustee shall, at the written direction of the College, apply the amounts on deposit in the applicable Account of the Renewal Fund, after making any transfer to the Rebate Fund, at the written direction of the College, as required by the Tax Compliance Agreement and the Indenture, to such replacement, repair, rebuilding, restoration or relocation of the applicable Project. Upon the completion of such replacement, repair, rebuilding, restoration or relocation, and after making any transfer to the Rebate Fund, at the written direction of the College, as required by the Tax Compliance Agreement and the Indenture, any balance remaining in any of the Accounts of the Renewal Fund shall without further authorization be transferred to the applicable subaccount Bond Fund and applied as provided in the Indenture. If the College elects not to replace, repair, restore or relocate the Project pursuant to the Loan Agreement, any balance remaining in any of the Accounts of the Renewal Fund shall without further authorization be transferred to the applicable subaccounts of the Bond Fund and applied as provided in the Indenture.

(c) If any Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund and be continuing, the Trustee, unless it exercises the remedy provided by the Loan Agreement, shall, after making any transfer to the Rebate Fund, at the written direction of the College, as required by the Tax Compliance Agreement and the Indenture, transfer the amounts deposited in the Renewal Fund to the Bond Fund to be applied in accordance with the Indenture.

(d) If the College elects to replace, repair, rebuild, restore or relocate the Project pursuant to the Loan Agreement, the Trustee is authorized to apply the amounts in any of the Accounts of the Renewal Fund to the payment (or reimbursement to the extent the same shall have been paid by or on behalf of the College or the Issuer) of the costs required for the replacement, repair, rebuilding, restoration or relocation of the applicable Project. The Trustee is

further authorized and directed to issue its checks for each disbursement from applicable Account of the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the College. Such requisition shall be in the same form and subject to the same conditions as requisitions from the Project Fund. *(Section 4.07)*

### **Investment Earnings on Funds; Application of Investment Earnings on Funds**

(a) All investment income or earnings on amounts held in the Project Fund, the Renewal Fund, the Bond Fund or any other special fund held under any of the Bond Documents (other than the Rebate Fund) prior to the Completion Date shall be deposited upon receipt by the Trustee into the Project Fund and used for the purposes set forth in the Indenture and after the Completion Date shall be used to pay any remaining sums due for costs of the Project not previously paid, or deposited by the Trustee into the Interest Account of the Bond Fund and used to pay the interest component of the next upcoming Debt Service Payment. The Trustee shall keep separate accounts of all investment earnings from each fund and account under the Indenture to indicate the source of the income or earnings.

(b) Within thirty (30) days after the end of each Computation Period, the Trustee, at the written direction of an Authorized Representative of the College, shall transfer to the Rebate Fund instead of the Project Fund or the Interest Account of the Bond Fund an amount of the investment earnings on the funds and accounts under the Indenture, such that the amount transferred to the Rebate Fund is equal to that amount as is set forth as the Rebate Amount in a written certificate delivered by the College to the Trustee pursuant to the Tax Compliance Agreement and the Indenture. *(Section 4.08)*

### **Payments into Rebate Fund; Application of Rebate Fund**

(a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Owner of any Series of Bond or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the College, shall transfer, from moneys in the Project Fund or the Renewal Fund, or from any other moneys paid by the College under the Tax Compliance Agreement, into the Rebate Fund, within thirty (30) days after the end of each Bond Year, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the immediately preceding Bond Year. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to the Loan Agreement at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund within thirty (30) days of the Completion Date an amount received from the College such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project. The amount deposited in the Rebate Fund pursuant to the provisions of the Indenture summarized in this paragraph shall be paid by the College pursuant to the Tax Compliance Agreement.

(c) In the event that on the first day of any Bond Year the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions

from an Authorized Representative of the College, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the Project, or, after the Completion Date, deposit it in the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the College, shall pay to the United States, out of amounts in the Rebate Fund, (i) not later than thirty (30) days after the last day of the fifth Bond Year and after every fifth Bond Year thereafter, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to the Bonds as of the date of such payment, and (ii) notwithstanding the provisions of the Indenture, not later than thirty (30) days after the date on which all Bonds have been paid in full, one hundred (100%) percent of the Rebate Amount as of the date of payment.

(e) The Trustee shall have no obligation under the Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from the College to make such transfer. (*Section 4.09*)

#### **Payments into Gross Revenue Fund; Application of Gross Revenue Fund**

(a) There shall be credited to the Gross Revenue Fund all amounts received by the Trustee pursuant to an assignment for such purpose described in the Loan Agreement and other such amounts as the College may from time to time deposit with the Trustee for such purpose.

(b) Subject to paragraph (d) below, amounts credited to the Gross Revenue Fund shall not be subject to withdrawal by the College without the prior written consent of the Issuer and the Trustee.

(c) The Trustee shall on the first Business Day of each month commencing on the first Business Day of the first full month following a Triggering Event, apply amounts credited to the Gross Revenue Fund in accordance with the following priorities:

- (i) first, to pay interest on the Bonds ;
- (ii) second, to pay principal of, or Sinking Fund Payments on, the Bonds;
- (iii) third, to pay the Basic Operating Costs of the College as certified to the Trustee and the Issuer by the College, provided, however, such amount may not exceed the amount set forth for such calendar month in the Annual Budget of the College submitted by the College to the Issuer and the Trustee; and
- (iv) fourth, any remaining amounts shall remain in the Gross Revenue Fund.

(d) Notwithstanding anything to the contrary in the Indenture, the Trustee shall release the amounts credited to the Gross Revenue Fund in accordance with the written direction of the College at such time as (i) no Triggering Event has occurred during the preceding twenty-four (24) full calendar months and (ii) no Event of Default has occurred and is continuing. (*Section 4.10*)

## **Investment of Moneys**

(a) Moneys held in any fund established pursuant to the Indenture shall be invested and reinvested by the Trustee in Authorized Investments, pursuant to written direction by an Authorized Representative of the College, or pursuant to oral direction promptly confirmed in writing by such Authorized Representative. Such investments shall mature in such amounts and have maturity dates or be subject to redemption at the option of the owners thereof on or prior to the date on which the amounts invested therein will be needed for the purposes of such fund or accounts. The Trustee may at any time sell or otherwise reduce to cash a sufficient amount of such investments whenever the cash balance in such fund or accounts is insufficient for the purposes thereof. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the fund or the respective account within a fund or special trust account for which such moneys are invested, and the interest accruing thereon and any profit realized from such investment shall be credited to and held in and any loss shall be charged to the applicable fund.

(b) The Trustee may make any investment permitted by the Indenture through its own bond department. The Trustee shall not be liable for any depreciation in the value of any investment made pursuant to the Indenture or for any loss arising from any such investment.

(c) Any investment authorized in the Indenture is subject to the condition that no use of the proceeds of any Bonds or of any other moneys shall be made which, if such use had been reasonably expected on the date of issue of such Bonds, would cause such Bonds to be “arbitrage bonds” within the meaning of such quoted term in Section 148 of the Code. The Trustee shall not be liable if such use shall cause the Bonds to be “arbitrage bonds”, provided only that the Trustee shall have made such investment pursuant to the written direction or confirmation by an Authorized Representative of the College as provided in the Indenture.

(d) Reserved.

(e) The Trustee shall, at the written direction of the College, sell at the best price obtainable by the Trustee, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide monies to meet any payment or transfer from the Fund or account for which such investment was made. (*Section 4.11*)

## **Payment to College upon Payment of Bonds**

Except as otherwise specifically provided in the Indenture, after payment in full of the principal or Redemption Price of and interest on all the Bonds or any Series of Bonds (or after provision for the payment thereof has been made in accordance with the Indenture) and after payment in full of the fees, charges and expenses of the Trustee and any Paying Agent and all other amounts required to be paid under the Indenture, and the fees, charges and expenses of the Issuer and all other amounts required to be paid under the Loan Agreement, all amounts remaining in any fund established pursuant to the Indenture with respect to such Series of Bonds (except the Rebate Fund) or otherwise held by the Trustee and by any additional Paying Agent for the account of the Issuer or the College under the Indenture or under the Loan Agreement shall be paid to the College. (*Section 4.12*)

## **Failure to Present Bonds**

Subject to the provisions of the Indenture, in the event any Bond shall not be presented for payment when the principal or Redemption Price thereof becomes due, either at maturity or at the date fixed for prior redemption thereof or otherwise, if moneys sufficient to pay such Bond shall be held by the Trustee for the benefit of the Owner thereof, all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged. Thereupon, the Trustee shall hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Bonds, who shall thereafter be restricted exclusively to such moneys for any claim under the Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within the period of two (2) years following the date when such Bond becomes due, whether by maturity or call for prior redemption or otherwise, the Trustee shall return to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the Issuer. The Trustee shall, at least sixty (60) days prior to the expiration of such two (2) year period, give notice to any Owner who has not presented any Bond for payment that any moneys held for the payment of any such Bond will be returned as provided under this heading at the expiration of such two (2) year period. The failure of the Trustee to give any such notice shall not affect the validity of any return of funds pursuant to the provisions of the Indenture summarized under this heading. *(Section 5.11)*

## **Cancellation**

All Bonds which have been paid, redeemed, purchased or surrendered shall be canceled and delivered by the Trustee to the Issuer. A copy of the canceled Bond or Bonds or other form of notice of such cancellation shall be delivered to the Issuer and to the College upon its written request. *(Section 5.12)*

## **Agreement to Provide Information**

The Trustee agrees, whenever requested in writing by the Issuer or the College, to provide such information that is known to the Trustee relating to any Bonds as the Issuer or the College, from time to time, may reasonably request, including, but not limited to, such information as may be necessary to enable the Issuer or the College to make any reports required by any Federal, state or local law or regulation. *(Section 5.14)*

## **Discharge of Lien**

(a) If the Issuer shall pay or cause to be paid to the Owners of any series of Bonds or of all Outstanding Bonds the principal thereof, redemption premium, if any, and interest thereon, at the times and in the manner stipulated therein and in the Indenture, and if there shall have been paid all fees, charges and expenses required to be paid under the Indenture, then the Lien on the Trust Estate created under the Indenture for the benefit of the Owners of such Series of Bonds so paid shall be released, discharged and satisfied. In such event, except as otherwise specifically provided in the Indenture, the Trustee and any additional Paying Agent shall pay or deliver to the College all moneys or securities held by it pursuant to the Indenture which are not required for the payment of such Series of Bonds. The Issuer may pay or cause to be paid any Series of

Bonds without at the same time paying or causing to be paid all other Series of Outstanding Bonds. If the Issuer does not pay or cause to be paid, at the same time, all Outstanding Bonds, then the Trustee and any additional Paying Agent shall not return those moneys and securities held under the Indenture as security for the benefit of the Owners of Bonds not so paid or caused to be paid.

(b) When all of the Outstanding Bonds shall have been paid in full, or provisions for such full payment of all Outstanding Bonds shall have been made in accordance with the Indenture, the Trustee and the Issuer shall promptly execute and deliver to the College such written certificates, instruments and documents as the College shall provide to cause the Lien of the Indenture upon the Trust Estate to be discharged and canceled.

(c) Notwithstanding the fact that the Lien of the Indenture upon the Trust Estate may have been discharged and canceled in accordance with the Indenture, the Indenture and the rights granted and duties imposed by the Indenture, to the extent not inconsistent with the fact that the Lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal or Redemption Price of and interest on all of the Bonds shall have been fully paid or the Trustee shall have returned to the Issuer pursuant to the Indenture all funds theretofore held by the Trustee for payment of any Bonds not theretofore presented for payment. *(Section 7.01)*

### **Discharge of Indenture**

(a) Any Outstanding Bond or installments of interest with respect thereto shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, paragraph (a) under the heading "Discharge of Lien" immediately above if: (i) there shall have been deposited with the Trustee sufficient cash and/or Government Obligations, in accordance with paragraph (b) under this heading, which will, without further investment, be sufficient, together with the other amounts held for such payment, to pay the principal of the Series of Bonds when due or to redeem the Series of Bond on the earliest possible redemption date thereof at the Redemption Price specified in the Indenture or in a Supplemental Indenture with respect to such Series of Bonds, (ii) in the event such Series of Bonds are to be redeemed prior to maturity in accordance with the Indenture or in a Supplemental Indenture with respect to such Series of Bonds, all action required by the provisions of the Indenture to redeem the Series of Bonds shall have been taken or provided for to the satisfaction of the Trustee and notice thereof in accordance with the Indenture or in a Supplemental Indenture with respect to such Series of Bonds shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) provision shall have been made for the payment of all fees and expenses of the Trustee and of any additional Paying Agent with respect to the Series of Bonds of which the Bond is a part, (iv) the Issuer shall have been reimbursed for all of its expenses under the Loan Agreement with respect to the Series of Bonds of which the Bond is a part, and (v) all other payments required to be made under the Loan Agreement and the Indenture or any Supplemental Indenture with respect to the Series of Bonds of which the Bond is a part shall have been made or provided for.

(b) For the purpose of the provisions of the Indenture summarized under this heading, the Trustee shall be deemed to hold sufficient moneys to pay the principal of an Outstanding

Bond not then due or to redeem an Outstanding Bond prior to the maturity thereof only if there shall be on deposit with the Trustee and available for such purpose an amount of cash and/or a principal amount of Government Obligations, maturing or redeemable at the option of the owner thereof not later than (i) the maturity date of such Series of Bonds, or (ii) the first date following the date of computation on which such Series of Bonds may be redeemed pursuant to the Indenture (whichever may first occur), which, together with income to be earned on such Government Obligations prior to such maturity date or Redemption Date, equals the principal and redemption premium, if any, due on such Series of Bonds, together with all interest thereon (at the maximum applicable rate) which has accrued and which will accrue to such maturity or Redemption Date.

(c) Upon the defeasance of any series of Series of Bonds or of all Outstanding Bonds in accordance with the Indenture, the Trustee shall hold in trust, for the benefit of the Owners of such Series of Bonds, all such cash and/or Government Obligations, shall make no other or different investment of such cash and/or Government Obligations and shall apply the proceeds thereof and the income therefrom only to the payment of such Bonds. *(Section 7.02)*

### **Lien Law Section 73 Covenant**

The College, for itself and as the Agent of the Issuer, covenants to the Issuer and to the Trustee, as a third-party beneficiary of the Indenture, that the College will receive advances of monies under the Bond Documents and will hold the right to receive such advances as trust funds to be first applied to the payment of trust claims as defined in Section 71 of the Lien Law of the State, and that the College will apply the same to such payments only, before using any part of such advances for any other purpose. *(Section 7.03)*

### **Events of Default**

The following shall be “Events of Default” under the Indenture with respect to any Bond or any Series of Bonds:

(a) A default in the due and punctual payment of any interest or any principal, Sinking Fund Payments, or Redemption Price of any Bond, whether at the stated maturity thereof, upon proceedings for redemption thereof or upon the maturity thereof by declaration, or any other amounts due under the Indenture or the other Bond Documents or any other bond documents entered into in connection with any series of Additional Bonds; or

(b) A default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in the Indenture or in any Series of Bonds and the continuance thereof for a period of thirty (30) days after written notice given by the Trustee or by the Owners of not less than fifty percent (50%) of the principal amount of the applicable Series of Bonds then Outstanding; or if such default cannot be cured within thirty (30) days, but the Issuer is proceeding diligently to cure such default, then the Issuer shall be permitted an additional ninety (90) days within which to remedy the default; or

(c) The occurrence of an Event of Default under any Loan Agreement. *(Section 8.01)*

## **Acceleration; Annulment of Acceleration**

(a) Upon the occurrence of an Event of Default under the Loan Agreement or any similar provision in any other Loan Agreement with respect to any Additional Bonds, all Series of Bonds Outstanding shall become immediately due and payable without action or notice of any kind on the part of the Trustee or the Issuer. Upon the occurrence and continuance of an Event of Default, the Trustee shall, by notice in writing delivered to the Issuer and the College, declare all Series of Bonds Outstanding immediately due and payable, and such Series of Bonds shall become and be immediately due and payable, anything in the Series Bonds or in the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Series of Bonds an amount equal to the total principal amount of all such Series of Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment. If all of the Series of Bonds Outstanding shall become so immediately due and payable, the Issuer and the Trustee shall as soon as possible declare by written notice to the College all unpaid installments payable by the College under the Loan Agreement or any similar provision in any other Loan Agreement with respect to any Additional Bonds to be immediately due and payable.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys shall have been deposited in the Bond Fund sufficient to pay all matured installments of interest and principal, Sinking Fund Payments, or the Redemption Price (other than principal then due only because of such declaration) of such Outstanding Series of Bonds; (ii) sufficient moneys shall be available to pay the amounts described in the Indenture; (iii) all other amounts then payable by the Issuer under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

(c) Upon the occurrence and continuation of an Event of Default, the Bonds shall bear interest at the Default Rate from the date of the occurrence of such Event of Default until the Bonds have been paid pursuant to paragraph (a) above or such Event of Default has been cured. (*Section 8.02*)

## **Enforcement of Remedies**

(a) Upon the occurrence and continuance of any Event of Default, and upon being provided with security or indemnity reasonably satisfactory to the Trustee against any liability or expense which might thereby be incurred, the Trustee shall proceed forthwith to protect and enforce its rights and the rights of the Owners under the Act, the applicable Series of Bonds and the applicable Loan Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

(b) The Trustee acting directly may sue for, enforce payment of and receive any amounts due or becoming due from the Issuer or the College for principal, Redemption Price, interest or otherwise under any of the provisions of the Series of Bonds, the Bond Documents and any bond documents entered into in connection with any Series of Additional Bonds without prejudice to any other right or remedy of the Trustee or of the Owners.

(c) Regardless of the happening of an Event of Default, the Trustee shall have the right to institute and maintain such suits and proceedings as it may be advised by such Owners shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing any Series of Bonds, or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of the Indenture and is not unduly prejudicial to the interests of the Owners not making such request. *(Section 8.03)*

### **Appointment of Receivers**

Upon the occurrence of an Event of Default and upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the Trustee or the Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues and receipts thereof, pending such proceedings, with such powers as the court making such appointment shall confer. *(Section 8.04)*

### **Application of Moneys**

(a) The Net Proceeds received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall be, after paying the fees and expenses of the Trustee, deposited in the Bond Fund.

(b) All moneys held in a sub-account of the Bond Fund for any particular Series of Bonds during the continuance of an Event of Default shall be applied as follows:

(i) Unless the principal of all the Bonds of a particular series shall have become due or shall have been declared due and payable,

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

SECOND - To the payment of the unpaid principal or Redemption Price, if any, of any Series of Bonds or principal installments which shall have become due (other than any Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which such Bonds became due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and

interest due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD - To the payment of the principal or Redemption Price of and interest on such Bonds as the same become due and payable; and

(ii) If the principal of all such Bonds shall have become due or shall have been declared due and payable, to the payment of the principal and interest (at the rate or rates expressed thereon) then due and unpaid upon all such Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bonds of such series, ratably according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference; and

(iii) If the principal of all such Bonds shall have been declared due and payable and if such declaration shall thereafter have been annulled pursuant to provisions of the Indenture, the moneys shall be applied in accordance with the provisions of paragraph (i) of this paragraph (b).

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions under this heading, such moneys shall be applied at such time or times as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. On the date fixed by the Trustee for application of such moneys, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the application of any such moneys and of the fixing of any such date. *(Section 8.05)*

### **Remedies Vested in Trustee**

Except as otherwise provided in the Indenture, all rights of action (including the right to file proof of claim) under the Indenture or under any of the Series of Bonds may be enforced by the Trustee without possession of any of the Series of Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of any of the Series of Bonds. Subject to the provisions of the Indenture, any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Bonds. *(Section 8.06)*

### **Remedies Not Exclusive**

No remedy conferred upon or reserved to the Trustee or to the Owners by the Indenture is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners under the Indenture or now or hereafter existing at law or in equity or by statute. *(Section 8.07)*

## **SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2017 LOAN AGREEMENT**

The obligations of the College to make payments under the Series 2017 Loan Agreement are evidenced by a Promissory Note from the College to the Issuer and endorsed by the Issuer to the Trustee. The payments by the College under the Loan Agreement and the Promissory Note are intended as security for the Series 2017 Bonds. Reference is made to the Series 2017 Loan Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Series 2017 Loan Agreement and should not be considered a full statement thereof.

### **Loan of Series 2017 Bond Proceeds**

The Issuer agrees to loan the proceeds of the Series 2017 Bond to the College in accordance with the provisions of the Series 2017 Loan Agreement. The proceeds of Series 2017 Bond shall be disbursed to the College in accordance with the provisions of the Series 2017 Loan Agreement and the Indenture. *(Section 5.1)*

### **Financing of the Series 2017 Project**

The College that the Bond Proceeds of the Series 2017 Bonds will be used to pay the Costs of the Series 2017 Project. *(Section 4.1)*

### **Issuance of the Series 2017 Bonds; Disbursement of Bond Proceeds**

In order to provide funds for payment of the Costs of the Series 2017 Project, together with other payments and incidental expenses in connection therewith, the Issuer agrees that it will authorize, issue, sell and cause the Series 2017 Bonds to be delivered on the terms set forth in the Indenture. Proceeds of the Series 2017 Bond shall be disbursed in accordance with the provisions of the Indenture and the Series 2017 Loan Agreement. *(Section 4.2)*

### **Application of Bond Proceeds**

The Bond Proceeds of the Series 2017 Bonds shall be deposited in the (i) Series 2017 Cost of Issuance Account of the Project Fund to pay costs of issuance; and (ii) Series 2009 Bonds Defeasance Account of the Project Fund and used to defease the Series 2009 Bonds in accordance with the Second Supplemental Indenture. Except as provided in the Series 2017 Loan Agreement, the Bond Proceeds of the Series 2017 Bonds, upon the written direction of an Authorized Representative of the College and on the conditions provided for in the Indenture, shall be applied to pay only the following costs and items of expense paid by or on behalf of the Issuer on or after the Closing Date, except as may otherwise be provided under the Tax Compliance Agreement or included in a resolution of the Board of Trustees of the College indicating an intent to reimburse the College for Costs of the Series 2017 Project incurred prior to that date:

- (i) all costs of the Series 2017 Project, including, without limitation, amounts necessary to redeem or defease the Series 2009 Bonds,

(ii) all fees, taxes, charges and other expenses for recording or filing, as the case may be, any documents that the Issuer or the Trustee may deem desirable in order to protect or perfect any security interest contemplated by the Indenture,

(iii) all legal, accounting and any other fees, costs and expenses incurred in connection with the preparation, printing, reproduction, authorization, issuance, execution, sale and distribution of the Series 2017 Bonds, and the Bond Documents and other documents in connection herewith or therewith, with the refunding of the Series 2009 Bonds and with any other transaction contemplated by this Series 2017 Loan Agreement or the Indenture,

(iv) any funds or reserves required to be maintained by the Bond Documents, if any,

(v) any administrative fee and fee for services of the Issuer, and

(vi) reimbursement to the College for any of the above-enumerated costs and expenses. *(Section 4.3)*

### **Certificates of Completion**

The College and the Issuer agree that the Series 2017 Project has been completed. *(Series 4.4)*

### **Completion by College**

(a) In the event that the Net Proceeds of the Series 2017 Bonds are not sufficient to pay in full all Costs of the Series 2017 Project, the College agrees to pay, for the benefit of the Issuer and the Trustee, all such sums as may be in excess of the Net Proceeds of the Series 2017 Bonds as may be necessary to cure such deficiency. The College shall execute, deliver and record or file such instruments as the Issuer or the Trustee may request in order to perfect or protect the Issuer's security interests contemplated by the Indenture, the Series 2017 Mortgage and the Note.

(b) The College shall not be entitled to any reimbursement for such excess cost or expense from the Issuer or the Trustee or the Owners of any of the Series 2017 Bonds, nor shall it be entitled to any diminution or abatement of any other amounts payable by the College under the Series 2017 Loan Agreement. *(Section 4.5)*

### **Loan Payments and Other Amounts Payable**

(a) The College shall pay to the Issuer on the Closing Date the Issuer's administrative fee in the amount of \$220,244.50 (equal to the administrative fee of \$216,250.00, plus \$382.50 public hearing transcript fees, plus \$612.00 public hearing legal notice fees and plus an initial compliance fee of \$3,000.00). In addition, the College shall pay to the Issuer an Annual Compliance Fee of \$1,500.00 on or before January 1 of each year commencing on January 1,

2018 and continuing through the term of the Series 2017 Loan Agreement. The College shall pay basic loan payments five (5) Business Days before the first Business Day of each month, commencing with the fifth Business Day before August 1, 2017, an amount equal to 1/6 of the next upcoming interest payment on the Series 2017 Bonds due and owing on the next Debt Service Payment Date, and 1/12 of the next upcoming principal payment of the Series 2017 Bonds due and owing on the next Debt Service Payment Date. The College's obligation to pay such basic loan payments shall be evidenced by the Promissory Note, substantially in the form attached to the Series 2017 Loan Agreement as Exhibit C.

(b) In addition to the Loan Payments pursuant to paragraph (a) above, throughout the Loan Term, the College shall pay to the Issuer as additional loan payments, within fifteen (15) days of the receipt of demand therefor, an amount equal to the sum of the expenses of the Issuer and the members thereof incurred (i) by reason of the Issuer's financing of the Series 2017 Project, or (ii) in connection with the carrying out of the Issuer's duties and obligations under the Issuer Documents, the payment of which is not otherwise provided for under the Series 2017 Loan Agreement. Other than the Annual Compliance Fee, the foregoing shall not be deemed to include any annual or continuing administrative or management fee beyond any initial administrative fee or fee for services rendered by the Issuer.

(c) In addition, the College shall pay as additional loan payments within fifteen (15) days after receipt of a written demand therefor the Ordinary Expenses and Extraordinary Expenses payable by the Issuer to the Trustee pursuant to and under the Indenture.

(d) The College, under the provisions of the Series 2017 Loan Agreement summarized under this heading, agrees to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America. In the event the College shall fail timely to make any payment required under the provisions of the Series 2017 Loan Agreement summarized under paragraph (a) above, the College shall pay the same together with all late payment penalties specified in the Series 2017 Bonds. In the event the College shall fail timely to make any payment required in paragraph (b) above, the College shall pay the same together with interest on such payment at the per annum rate of ten percent (10%), but in no event at a rate higher than the maximum lawful prevailing rate, from the date on which such payment was due until the date on which such payment is made. (*Section 5.3*)

### **Obligations of College Under the Series 2017 Loan Agreement Unconditional**

The obligations of the College to make the payments required in the Series 2017 Loan Agreement, and to perform and observe any and all of the other covenants and agreements on its part contained in the Series 2017 Loan Agreement, shall be a general obligation of the College, and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Issuer. The College agrees it will not (i) suspend, discontinue or abate any payment required under the Series 2017 Loan Agreement, (ii) fail to observe any of its other covenants or agreements in the Series 2017 Loan Agreement, or (iii) terminate the Series 2017 Loan Agreement for any cause whatsoever unless and until the Series 2017 Bonds, including premium, if any, and interest thereon, have been paid or provided for.

Subject to the foregoing provisions, nothing contained in the provisions of the Series 2017 Loan Agreement summarized under this heading shall be construed to release the Issuer from the performance of any of the agreements on its part contained in the Series 2017 Loan Agreement or to affect the right of the College to seek reimbursement from, or institute any action against any party as the College may deem necessary to compel performance or recover damages for non-performance from such party. *(Section 5.4)*

### **Payment of Additional Moneys in Prepayment of Series 2017 Bonds**

In addition to any other moneys required or permitted to be paid pursuant to the Series 2017 Loan Agreement, the College may, subject to the terms of the Indenture, pay moneys to the Trustee (i) to be applied as the prepayment of amounts to become due and payable by the College pursuant to the Series 2017 Loan Agreement and the Promissory Note, or (ii) to be used for the redemption or prepayment of any Series 2017 Bonds at such time or times and on such terms and conditions as is provided in such Series 2017 Bonds and in the Indenture. The College shall notify the Issuer and the Trustee in writing as to the purpose of any such payment. *(Section 5.5)*

### **Rights and Obligations of the College upon Prepayment of Series 2017 Bonds**

In the event the Series 2017 Bonds shall have been paid in full prior to the termination of the Series 2017 Loan Agreement, or provision for such payment shall have been made in accordance with the Indenture, the Issuer, at the sole cost of the College, shall obtain and record or file appropriate discharges or releases of the Series 2017 Mortgage and the Note or the Series 2017 Loan Agreement and any terminations, discharges or releases of any security interest relating to the Series 2017 Project or under the Indenture. *(Section 5.6)*

### **Security Interest**

The College acknowledges that the payments by the College under the Series 2017 Loan Agreement and the Promissory Note are intended as security for payment of the principal of, Redemption Price of and interest on the Series 2017 Bonds. In addition, to secure payment of all loan payments and other sums owing by the College under the Series 2017 Loan Agreement and to secure the payment and performance of all debts, liabilities and obligations of the College under all of the Bond Documents, the College grants a security interest to the Issuer in (i) all insurance, now owned or hereafter acquired, insuring any of the Equipment or the Mortgaged Property against any loss or damage whatsoever, and all proceeds thereof, (ii) all awards heretofore and hereafter paid or payable to the College by reason of a taking or condemnation of any part of the Mortgaged Property (including any Equipment) or any right of the College appurtenant thereto by competent authority as a result of the exercise of the power of eminent domain, including but not limited to any awards or payments for use and occupation or for change of grade of streets, together with any and all claims of the Issuer with respect thereto, and the proceeds thereof, (iii) all moneys and securities from time to time held by the Trustee pursuant to and under any of the Bond Documents, except moneys and securities held in the Rebate Fund (to the extent necessary to insure proper transfer to the Rebate Fund), and all investments and re-investments of any such moneys and securities, and the proceeds thereof, (iv) all files or other documentation of the College dealing with the receipt or payment of any of the

foregoing, (v) the Gross Revenues of the College pledged to the Issuer pursuant to the Series 2017 Loan Agreement, and (vi) all real and personal property and other property of the College constituting the Mortgaged Property secured by the Series 2017 Mortgage granted to the Issuer by the College (collectively, the “Collateral”). The security interest referred to under this heading shall be assigned by the Issuer to the Trustee and is on parity with the security interest granted by the Series 2014 Loan Agreement for the Series 2014 Bonds. *(Section 5.7)*

### **Maintenance and Modifications of Series 2017 Facility by College**

a) The College shall not abandon the Series 2017 Facility or cause or permit any waste to the Improvements. During the Loan Term, the College shall not remove any part of the Series 2017 Facility outside of the jurisdiction of the Issuer and shall (i) keep the Series 2017 Facility in as reasonably safe condition as its operations shall permit; (ii) make all necessary repairs and replacements to the Series 2017 Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate the Series 2017 Facility in a sound and economic manner.

(b) With the written consent of the Issuer, which shall not be unreasonably withheld, the College, from time to time, may make any material structural additions, modifications or improvements to the Series 2017 Facility or any part thereof, provided (i) such actions do not adversely affect the structural integrity of the Series 2017 Facility, (ii) such actions do not materially impair the use of the Series 2017 Facility or materially decrease their value. All such additions, modifications or improvements made by the College shall become a part of the Series 2017 Facility. The College agrees to deliver to the Issuer all documents which may be necessary or appropriate to protect the lien of the Series 2017 Mortgage. *(Section 6.1)*

### **Installation of Additional Equipment**

Subject to the provisions of the Series 2017 Loan Agreement and the Series 2017 Mortgage, the College or any permitted sublessee of the College from time to time may install additional machinery, equipment or other personal property in the Series 2017 Facility (which may be attached or affixed to the Series 2017 Facility), and such machinery, equipment or other personal property shall not become, or be deemed to become, a part of the Series 2017 Facility, provided that the acquisition and installation of such property is not financed from either the Project Fund or the Renewal Fund. Subject to the provisions of the Series 2017 Loan Agreement and the Series 2017 Mortgage, the College from time to time may create or permit to be created any Lien on such machinery, equipment or other personal property. Further, the College from time to time may remove or permit the removal of such machinery, equipment and other personal property from the Series 2017 Facility, provided that any such removal of such machinery, equipment or other personal property shall not occur (i) if any Event of Default has occurred; or (ii) if any such removal shall adversely affect the structural integrity of the Series 2017 Facility or impair the overall operating efficiency of the Series 2017 Facility for the purposes for which it is intended, and provided further that, if any damage is occasioned to the Series 2017 Facility by such removal, the College agrees promptly to repair such damage at its own expense. *(Section 6.2)*

## **Insurance Required**

At all times throughout the Loan Term, including, the College shall, at its sole cost and expense, maintain or cause to be maintained insurance covering the Mortgaged Property against such risks and for such amounts as are customarily insured against by facilities of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the completed Improvements, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the College, but in no event less than the principal amount of the Series 2017 Bonds.

(b) Workers' compensation insurance, disability benefits insurance and each other form of insurance which the College is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the College who are located at or assigned to the Mortgaged Property. This coverage shall be in effect from and after the Completion Date or on such earlier date as any employees of the College first occupy the Mortgaged Property.

(c) Insurance protecting the Issuer, the Trustee and the College against loss or losses from liability imposed by law or assumed in any written contract (including the contractual liability assumed by the College under the Series 2017 Loan Agreement) and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage) and with a blanket excess liability coverage in an amount not less than \$5,000,000 protecting the Issuer, the Trustee and the College against any loss or liability or damage for personal injury, including bodily injury or death, or property damage. This coverage shall also be in effect during any construction period.

(d) Reserved.

(e) A policy or policies of flood insurance in an amount not less than the principal amount of the Loan or the maximum amount of flood insurance available with respect to the Series 2017 Facility under the Flood Disaster Protection Act of 1973, as amended, whichever is less. This requirement will be waived upon presentation of evidence satisfactory to the Issuer that no portion of the Land is located within an area identified by the U.S. Department of Housing and Urban Development as having special flood hazards. *(Section 6.4)*

## **Additional Provisions Respecting Insurance**

(a) All insurance required by the provisions of the Series 2017 Loan Agreement summarized under the heading "Insurance Required" shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. The company issuing the policies required by paragraphs (a) and (e) under the heading "Insurance

Required” shall be rated “A” or better by A.M. Best Co., Inc. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All policies evidencing the insurance required by paragraphs (a) and (e) under the heading “Insurance Required” shall contain a standard New York non-contributory mortgagee clause showing the interest of the Issuer as first mortgagee and provide for payment to the Trustee of the Net Proceeds of insurance resulting from any claim for loss or damage thereunder, and all policies of insurance required by the Series 2017 Loan Agreement shall provide for at least thirty (30) days’ prior written notice of the restriction, cancellation or modification thereof to the Issuer and the Trustee. The policy evidencing the insurance required by paragraph (c) under the heading “Insurance Required” shall name the Issuer and the Trustee as additional named insureds. Upon request of the Trustee, the College will assign and deliver to the Trustee the policies of insurance required under paragraph (a) under the heading “Insurance Required”, so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Series 2017 Bonds, have and hold said policies and the Net Proceeds thereof as collateral for the payment of the Series 2017 Bonds. The policies required by the provisions under paragraph (a) under the heading “Insurance Required” shall contain appropriate waivers of subrogation.

(b) The policies (or certificates and binders) of insurance required by provisions under paragraph (a) under the heading “Insurance Required” shall be deposited with the Trustee on or before the Closing Date. A copy of the policy (or certificate or binder) of insurance required by paragraph (c) under the heading “Insurance Required” shall be delivered to the Issuer on or before the Closing Date. The College shall deliver to the Issuer and the Trustee before the first Business Day of each twelve (12) month period thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term covering at least the next succeeding twelve (12) month period, insurance of the types and in the amounts required by the Series 2017 Loan Agreement and complying with the additional requirements of paragraph (a) above. Prior to the expiration of each such policy or policies, the College shall furnish to the Issuer and the Trustee a new policy or policies of insurance or evidence that such policy or policies have been renewed or replaced or are no longer required by the Series 2017 Loan Agreement. The College shall provide such further information with respect to the insurance coverage required by the Series 2017 Loan Agreement as the Issuer and the Trustee may from time to time reasonably require. (*Section 6.5*)

### **Application of Net Proceeds of Insurance**

The Net Proceeds of the insurance carried pursuant to the provisions of the Series 2017 Loan Agreement shall be applied as follows: (i) the Net Proceeds of the insurance required by the provisions under paragraph (a) under the heading “Insurance Required” shall be applied as provided in the Series 2017 Loan Agreement, and (ii) the Net Proceeds of the insurance required by the provisions of paragraphs (b), (c) and (d) under the heading “Insurance Required” shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid. (*Section 6.6*)

## **Damage or Destruction of the Series 2017 Facility**

(a) If any portion of the Series 2017 Facility shall be damaged or destroyed (in whole or in part) at any time during the Loan Term:

(i) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate the Series 2017 Facility or any project thereof comprising a portion of the Series 2017 Facility; and

(ii) there shall be no abatement or reduction in the Loan Payments or other amounts payable by the College under the Series 2017 Loan Agreement (whether or not such project comprising a portion of the Series 2017 Facility replaced, repaired, rebuilt, restored or relocated); and

(iii) upon the occurrence of such damage or destruction, the Net Proceeds derived from the insurance shall be paid to the Trustee and deposited in the applicable Account of the Renewal Fund, and, except as otherwise provided in the Series 2017 Loan Agreement, the College shall at its option either (A) replace, repair, rebuild, restore or relocate such project comprising a portion of the Series 2017 Facility, or (B) direct the Trustee to apply such Net Proceeds to the payment of the principal of the Series 2017 Bonds or any Additional Bonds as they become due and payable or the Redemption Price of Bonds subject to Redemption pursuant to the Indenture .

If the College replaces, repairs, rebuilds, restores or relocates the Series 2017 Facility, the Trustee shall disburse the Net Proceeds from the applicable Account of the Renewal Fund in the manner set forth in the Indenture to pay or reimburse the College for the cost of such replacement, repair, rebuilding, restoration or relocation.

(b) Any such replacements, repairs, rebuilding, restorations or relocations shall be subject to the following conditions:

(i) such project comprising a portion of the Series 2017 Facility shall be in substantially the same condition and value as an operating entity as existed prior to the damage or destruction;

(ii) the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) such project comprising a portion of the Series 2017 Facility will be subject to no Liens, other than Permitted Encumbrances; and

(iv) any other conditions the Issuer may reasonably impose.

(c) All such repair, replacement, rebuilding, restoration or relocation of such project comprising a portion of the Series 2017 Facility shall be effected with due diligence in a good

and workmanlike manner in compliance with all applicable legal requirements and be promptly and fully paid for by the College in accordance with the terms of the applicable contracts.

(d) If the College elects to replace, repair, rebuild, restore or relocate the Series 2017 Facility pursuant to the Series 2017 Loan Agreement, then in the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration or relocation, the College shall nonetheless complete the work and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. All such replacements, repairs, rebuilding, restoration or relocations made pursuant to the Series 2017 Loan Agreement, whether or not requiring the expenditure of the College's own money, shall automatically become a part of the Series 2017 Facility as if the same were specifically described in the Series 2017 Loan Agreement.

(e) Any balance of such Net Proceeds remaining in the Renewal Fund after payment of all costs of replacement, repair, rebuilding, restoration or relocation shall, subject to any rebate required to be made to the federal government pursuant to the Indenture or the Tax Compliance Agreement, be applied in accordance with the provisions of the Indenture.

(f) If the College shall exercise its option to terminate the Series 2017 Loan Agreement pursuant to the Series 2017 Loan Agreement, such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Series 2017 Loan Agreement. If an Event of Default under the Series 2017 Loan Agreement shall have occurred and is continuing and the Trustee shall have exercised its remedies under the Series 2017 Loan Agreement, such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Series 2017 Loan Agreement.

(g) If the entire amount of the Series 2017 Bonds and interest thereon has been fully paid, or provision therefor has been made in accordance with the Indenture, all such remaining Net Proceeds shall be paid to the College.

(h) Except upon the occurrence and continuation of an Event of Default, the College with the consent of the Issuer, not to be withheld unreasonably, shall have the right to settle and adjust all claims under any policies of insurance required by paragraphs (a) and (d) under the heading "Insurance Required" on behalf of the Issuer and on its own behalf. (*Section 7.1*)

### **Condemnation**

(a) If title to or use of the Series 2017 Facility or any portion thereof comprising a portion of the Series 2017 Facility shall be taken by Condemnation (in whole or in part) at any time during the Loan Term:

(i) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate such project comprising a portion of the Series 2017 Facility or acquire, by construction or otherwise, facilities of substantially the same nature as the Series 2017 Facility ("**Substitute Project**"); and

(ii) there shall be no abatement or reduction in the amounts payable by the College under the Series 2017 Loan Agreement (whether or not such project

comprising a portion of the Series 2017 Facility is replaced, repaired, rebuilt, restored or relocated or Substitute Projects acquired); and

(iii) upon the occurrence of such Condemnation, the Net Proceeds derived therefrom shall be paid to the Trustee and deposited in the Renewal Fund, and, except as otherwise provided in the Series 2017 Loan Agreement, the College shall either:

(A) replace, repair, rebuild, restore or relocate such project comprising a portion of the Series 2017 Facility or acquire Substitute Project, or

(B) redeem an amount of the Series 2017 Bonds equal to the Net Proceeds in accordance with of the Indenture.

If the College replaces, repairs, rebuilds, restores or relocates such project comprising a portion of the Series 2017 Facility or acquires a Substitute Project, the Trustee shall disburse the Net Proceeds from the applicable Account of the Renewal Fund in the manner set forth in the Indenture to pay or reimburse the College for the cost of such replacement, repair, rebuilding, restoration, relocation or acquisition of such Substitute Project.

(b) Any such replacements, repairs, rebuilding, restorations, relocations or acquisitions of a Substitute Project shall be subject to the following conditions:

(i) such project comprising a portion of the Series 2017 Facility or the Substitute Project shall be in substantially the same condition and value as an operating entity as existed prior to the condemnation;

(ii) the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes shall not, in the opinion of Bond Counsel, be adversely affected;

(iii) such project comprising a portion of the Series 2017 Facility or the Substitute Project will be subject to no Liens, other than Permitted Encumbrances; and

(iv) any other conditions the Issuer may reasonably impose.

(c) All such repair, replacement, rebuilding, restoration or relocation of such project comprising a portion of the Series 2017 Facility shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements and shall be promptly and fully paid for by the College in accordance with the terms of the applicable contracts.

(d) If the College elects to replace, repair, rebuild, restore or relocate pursuant to the Series 2017 Loan Agreement, then in the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration, relocation or acquisition of a Substitute Project, the College shall nonetheless complete the work or the acquisition and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. All such

replacements, repairs, rebuilding, restoration, relocations and such acquisition of a Substitute Project made pursuant to the Series 2017 Loan Agreement, whether or not requiring the expenditure of the College's own money, shall automatically become a part of the Series 2017 Facility as if the same were specifically described in the Series 2017 Loan Agreement.

(e) Any balance of such Net Proceeds remaining in the Renewal Fund after payment of all costs of replacement, repair, rebuilding, restoration, relocation or acquisition of the Substitute Project shall, subject to any rebate required to be made to the federal government pursuant to the Indenture or the Tax Compliance Agreement, be used to redeem the Series 2017 Bonds as provided in the Indenture.

(f) If the College shall exercise its option to terminate the Series 2017 Loan Agreement pursuant to the Series 2017 Loan Agreement, such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Series 2017 Loan Agreement. If any Event of Default under the Series 2017 Loan Agreement shall have occurred and is continuing and the Trustee shall have exercised its remedies under the Series 2017 Loan Agreement, such Net Proceeds shall be applied to the payment of the amounts required to be paid by the Series 2017 Loan Agreement.

(g) If the entire amount of the Series 2017 Bonds and interest thereon has been fully paid, or provision therefor has been made in accordance with the Indenture, all such remaining Net Proceeds shall be paid to the College.

(h) Except upon the occurrence and continuation of an Event of Default, the College with the consent of the Issuer, not to be unreasonably withheld, shall have the right to settle and adjust all claims under any Condemnation proceedings on behalf of the Issuer and on its own behalf. (*Section 7.2*)

### **Hold Harmless Provisions**

(a) The College agrees that the Issuer, the Trustee and each Paying Agent shall not be liable for and agrees to defend, indemnify, release and hold the Issuer, the Trustee and each Paying Agent harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the Series 2017 Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Series 2017 Facility or the Land, or (ii) liability arising from or expense incurred in connection with the Issuer's financing the Costs of the Series 2017 Project, including without limiting the generality of the foregoing, all claims arising from the breach by the College of any of its covenants contained in the Series 2017 Loan Agreement and all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Issuer, the Trustee or any Paying Agent are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Issuer, the Trustee or any Paying Agent or any of their respective members, directors, trustees, officers, agents or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Issuer, the Trustee or any Paying Agent, or any of their respective members, directors, trustees, officers,

agents or employees, and irrespective of the breach of a statutory obligation (other than a breach caused by any of their respective gross negligence or intentional or willful wrongdoing) or the application of any rule of comparative or apportioned liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law.

(b) Notwithstanding any other provisions of the Series 2017 Loan Agreement, the obligations of the College pursuant to the provisions under this heading shall remain in full force and effect after the termination of the Series 2017 Loan Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters described in the Series 2017 Loan Agreement may be brought and payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters described in the Series 2017 Loan Agreement and the payment of all expenses and charges incurred by the Issuer, the Trustee or their respective members, directors, officers, agents and employees, relating to the enforcement of the provisions specified.

(c) In the event of any claim against the Issuer, the Trustee or any Paying Agent or their respective members, directors, officers, agents or employees by any employee or contractor of the College or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the College under the Series 2017 Loan Agreement shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

(d) The Trustee and each Paying Agent shall be third party beneficiaries of the College's obligations under this heading. (*Section 8.2*)

### **Right to Inspect Series 2017 Facility**

The Issuer and the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times upon prior notice to the College to inspect the Series 2017 Facility. (*Section 8.3*)

### **College to Maintain Existence**

The College agrees that during the Loan Term (a) it will maintain its existence as a not-for-profit corporation constituting an Exempt Organization subject to service of process within the State and will not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it or acquire all or substantially all of the assets of one or more entities without the prior written consent of the Issuer; (b) it will preserve its status as an organization described in Section 501(c)(3) of the Code; (c) it will operate as an institution of higher learning and will establish tuition and fees for services provided by the College which, together with other available funds, will be sufficient in each fiscal year to provide funds for the following: (1) the payment by the College of all of its expenses for the operation, maintenance and repair of its facilities or Series 2017 Facility in such year; (2) the payment of all amounts due under the Series 2017 Loan Agreement in such year; and (3) the payment of all Indebtedness and all other obligations of the College due in such year; and (d) it will not perform any act, enter into any agreement, or use or permit the Series 2017 Facility to be used in any manner or for any

unrelated trade or business as described in Section 513(a) of the Code, which could adversely affect the exemption of interest on the Series 2017 Bonds from Federal income taxes pursuant to Section 103 and 145 of the Code. Prior to the College performing any act, entering into any agreement or using or permitting the Series 2017 Facility to be used in any manner that would constitute an unrelated trade or business within the meaning of Section 513(a) of the Code, the College shall provide written notice to the Issuer and the Trustee and the Issuer and the Trustee shall receive an opinion of counsel satisfactory to each of them to the effect that such contemplated act, agreement or use will not adversely affect the exemption of interest on the Series 2017 Bonds for federal income tax purposes. *(Section 8.4)*

### **Qualification in State**

The College throughout the Loan Term shall continue to be duly authorized to do business in the State as an entity of higher education. *(Section 8.5)*

### **Books of Record and Account; Financial Statements**

The College at all times agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all transactions and events relating to the business and affairs of the College. *(Section 8.7)*

### **Compliance with Orders, Ordinances, Etc.**

(a) The College, throughout the Loan Term, agrees that it will promptly comply, and take all reasonable steps to cause any tenant or occupant of the Series 2017 Facility to comply, with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Series 2017 Facility or any part thereof or to the renovation, construction and equipping thereof, or to any use, manner of use or condition of the Series 2017 Facility or any part thereof, of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers having jurisdiction of the Series 2017 Facility or any part thereof, or to the renovation, construction, equipping and furnishing thereof, or to any use, manner of use or condition of the Series 2017 Facility or any part thereof and of all companies or associations insuring the premises.

(b) The College shall keep or cause the Series 2017 Facility to be kept free of Hazardous Substances, except in compliance with applicable law. Without limiting the foregoing, the College shall not cause or permit the Series 2017 Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all applicable federal, state and local laws, regulations and permits, nor shall the College cause or permit, as a result of any intentional or unintentional act or omission on the part of the College or any contractor, subcontractor, tenant or subtenant, a release of Hazardous Substances onto the Series 2017 Facility or onto any other property. The College shall comply with and shall take all reasonable steps to ensure compliance by all contractors, subcontractors, tenants and subtenants with all applicable federal, state and

local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and shall take all reasonable steps to ensure that all contractors, subcontractors, tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The College shall (a) conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances, on, from, or affecting the Series 2017 Facility (i) in accordance with all applicable federal, state, and local laws, ordinances, rules, regulations, and policies, (ii) to the reasonable satisfaction of the Trustee and the Issuer, and (iii) in accordance with the orders and directives of all federal, state, and local governmental authorities; and (b) defend, indemnify, and hold harmless the Trustee and the Issuer, their employees, agents, officers, and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (i) the presence, disposal, release, or threatened release of any Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise, (ii) any bodily injury, personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances, (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Substances, and/or (iv) any violation of laws, orders, regulations, requirements, or demands of government authorities, or any policies or requirements of the Trustee and the Issuer, which are based upon or in any way related to such Hazardous Substances, including, without limitation, reasonable attorney and consultant fees, reasonable investigation and laboratory fees, court costs, and reasonable litigation expenses. The provisions under this heading shall be in addition to any and all other obligations and liabilities the College may have to the Trustee at common law, and shall survive the transactions contemplated in the Series 2017 Loan Agreement.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, the College may in good faith contest the validity or the applicability of any requirement of the nature referred to in such paragraphs (a) and (b) by appropriate legal proceedings conducted in good faith and with due diligence. In such event, the College may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the College that by failure to comply with such requirement or requirements, the Series 2017 Facility or any part thereof may be subject to loss, penalty or forfeiture, in which event the College shall promptly take such action with respect thereto or provide such security as shall be satisfactory to the Trustee and to the Issuer. If at any time the then existing use or occupancy of the Series 2017 Facility shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, the College shall use all reasonable efforts to not cause or permit such use or occupancy to be discontinued without the prior written consent of the Issuer and the Trustee.

(d) Notwithstanding the provisions under this heading, if, because of a breach or violation of the provisions of paragraphs (a) or (b) above (without giving effect to paragraph (c) above), either the Issuer, the Trustee, or any of their respective members, directors, officers, agents, or employees, shall be threatened with a fine, liability, expense or imprisonment, then, upon notice from the Issuer or the Trustee, the College shall immediately provide legal protection and/or pay amounts necessary in the opinion of the Issuer or the Trustee, as the case may be, and their respective members, directors, officers, agents and employees deem sufficient,

to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(e) Notwithstanding any provisions under this heading, the Trustee and the Issuer retain the right to defend themselves in any action or actions which are based upon or in any way related to such Hazardous Substances. In any such defense of themselves, the Trustee and the Issuer shall each select their own counsel, and any and all reasonable costs of such defense, including, without limitation, reasonable attorney and consultant fees, reasonable investigation and laboratory fees, court costs, and reasonable litigation expenses, shall be paid by the College. *(Section 8.8)*

### **Discharge of Liens and Encumbrances**

(a) The College, throughout the Loan Term, shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the Series 2017 Facility, the Mortgaged Property and the Gross Revenues or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Series 2017 Facility or any part thereof.

(b) Notwithstanding the provisions of paragraph (a) above, the College may in good faith contest any such Lien. In such event, the College may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the College that by nonpayment of any such item or items, the lien of the Mortgage may be materially endangered or the Series 2017 Facility or any part thereof may be subject to loss or forfeiture, in which event the College shall promptly secure payment of all such unpaid items by filing a bond, in form and substance satisfactory to the Issuer, thereby causing such Lien to be removed or by taking such other actions as may be satisfactory to the Issuer to protect its interests. Mechanics' Liens shall be discharged or bonded within ninety (90) days following the College's receipt of notice of the filing or perfection thereof. *(Section 8.9)*

### **Additional Indebtedness**

(a) The College may issue additional Long-Term Indebtedness provided that the Maximum Annual Debt Service on all outstanding Long-Term Indebtedness (including the Series 2017 Bonds and any Additional Bonds issued pursuant to the Indenture and including such additional Long-Term Indebtedness) shall not exceed 10% of the College's unrestricted revenues, gains and other support determined in accordance with generally accepted accounting principles in the last completed fiscal year of the College for which audited financial statements are available.

(b) Notwithstanding the above covenant, the College may incur up to \$5,000,000 of Short-Term Indebtedness provided that such Short-Term Indebtedness is fully retired for at least 30 days in each fiscal year. *(Section 8.13)*

## **Certain Additional Covenants**

(a) The College agrees to furnish to the Issuer and the Trustee, and, upon written request to the College, to any registered Bondholder of \$1,000,000 in aggregate principal amount of the Series 2017 Bonds, as soon as available and in any event within one hundred fifty days after the close of each fiscal year of the College, a copy of the annual audited financial statements of the College, including statements of financial position as of the end of such year, and the related statement of activities for such fiscal year, prepared in accordance with generally accepted accounting principles, audited by a firm of independent certified public accountants.

(b) The College shall deliver to the Issuer and the Trustee with each delivery of annual financial statements required by paragraph (a) above, a certificate of an Authorized Representative of the College as to whether or not, as of the close of such preceding fiscal year of the College, and at all times during such fiscal year, the College was in compliance with all the provisions which related to the College in the Bond Documents, and if such Authorized Representative of the College shall have obtained knowledge of any default in such compliance or notice of such default, such Authorized Representation of the College shall disclose in such certificate, such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default under the Series 2017 Loan Agreement, and any action proposed to be taken by the College with respect thereto.

(c) The College shall immediately notify the Issuer and the Trustee of the occurrence of any default or any event which with notice and/or lapse of time would constitute a default under the Series 2017 Loan Agreement or any of the other Bond Documents. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the College and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the College shall state this fact on the notice.

(d) The College will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, at the sole cost and expense of the College, as the Issuer or the Trustee deems necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of the Series 2017 Loan Agreement and any rights of the Issuer or the Trustee under the Series 2017 Loan Agreement or under the Indenture. (*Section 8.14*)

## **Continuing Disclosure Agreement**

The College has executed and delivered to the Trustee a Continuing Disclosure Agreement, dated the date of initial delivery of the Series 2017 Bonds. The College covenants and agrees with the holders from time to time of the Series 2017 Bonds that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, as amended from time to time, applicable to it. Notwithstanding any other provision of the Series 2017 Loan Agreement, failure of the College to comply with the Continuing Disclosure Agreement shall not be considered a default or an event of default under the Series 2017 Loan Agreement and the rights and remedies provided by the Series 2017 Loan Agreement upon the occurrence of such a default or an event of default shall not apply to any such failure, but the Continuing Disclosure Agreement may be enforced only as provided therein. (*Section 8.15*)

## **Securities Law Status**

The College affirmatively represents, warrants and covenants that, as of the date of the Series 2017 Loan Agreement, it is an organization organized and operated: (i) exclusively for civic or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. The College agrees that it shall not perform any act nor enter into any agreement which shall change such status as set forth in the provisions under this heading. *(Section 8.16)*

## **Rebate Covenant**

The College covenants to make, or cause to be made, any and all payments required to be made to the United States Department of the Treasury in connection with the Series 2017 Bonds pursuant to Section 148(f) of the Code and to comply with instructions received from Bond Counsel pursuant to the certification with respect to the making of any such payments. *(Section 8.17)*

## **Covenants Relative to Gross Revenues**

(a) Prior to the occurrence of a Triggering Event, the College may retain and use all Gross Revenues to pay its expenses as the same shall become due and otherwise in the ordinary course of its business.

(b) Upon the occurrence of a Triggering Event, the College shall immediately deliver or cause to be delivered all Gross Revenues to the Trustee for deposit to the credit of the Gross Revenue Fund, or to such other custodian eligible to act as successor Trustee under the Series 2017 Loan Agreement and under the Indenture and acceptable to the Issuer and the College shall continue to deliver all Gross Revenues to the Trustee until such time as the College is no longer required to do so under the Indenture and the Series 2017 Loan Agreement. Upon the occurrence and continuation of a Triggering Event, the College agrees not to transfer any Gross Revenues to the general account or any other account of the College, nor to commingle Gross Revenues with any other funds or revenues of the College.

(c) For the purposes of the provisions under this heading and the Indenture, a "Triggering Event" shall mean, (i) the failure of the College to pay any amount when due under the Series 2017 Loan Agreement or (ii) the failure of the College to pay debt service payments on any additional Indebtedness permitted under the Series 2017 Loan Agreement beyond the expiration of any applicable notice and cure period.

(d) The College agrees that prior to the transfer of Gross Revenues to the Trustee, all Gross Revenues shall be held, and shall only be deposited by the College in an account with a financial institution that has executed an account control agreement by the College, the Issuer and the financial institution (any such agreement is referred to as a "Control Agreement"). *(Section 8.19)*

## **Pledge of Gross Revenues**

In order to secure the payment of the principal amount of the Series 2017 Bonds and any Additional Bonds issued under the Indenture, and the payment of the premium, if any, Sinking Fund Payments and interest on the Series 2017 Bonds and any Additional Bonds issued under the Indenture, and to secure the payment and performance of the College's obligations under the Series 2017 Loan Agreement, the Promissory Note, the Series 2017 Mortgage, and the other College Documents, the College grants a security interest in and pledges, assigns, transfers and sets over to the Issuer the Gross Revenues and all future Gross Revenues on a parity with the pledge granted under the Series 2014 Loan Agreement and the Series 2014 Mortgages. The College currently deposits the Gross Revenues in certain accounts which will be subject to the Control Account Agreement (defined below) and hereby grants a security interest in such accounts and all cash, investment property or other property held in, or credited to such accounts, to secure obligations described in the Series 2017 Loan Agreement, the Series 2014 Loan Agreement, and in the Series 2014 Mortgage and the Series 2017 Mortgage. To perfect such security interest, prior to the issuance of the Series 2017 Bonds, the College will enter into a Control Account Agreement (the "Control Account Agreement") by and among the College, the Trustee and Signature Bank, a national banking association. The College shall take all action reasonably required to maintain a continuing first priority security interest in and to such accounts free and clear of any other Liens. (*Section 8.20*)

## **Assignment, Leasing and Subleasing**

(a) In addition to the limitation contained in the Series 2017 Loan Agreement, the Series 2017 Loan Agreement may not be assigned by the College, in whole or in part, and except in the ordinary course of the operations of the College, including without limitations, leases of dorm rooms to students, the Series 2017 Facility may not be leased, in whole or in part, without the prior written consent of the Issuer in each instance. Any assignment or lease shall be on the following conditions:

- (i) no assignment or lease shall relieve the College from primary liability for any of its obligations under the Series 2017 Loan Agreement or under any other of the College Documents;
- (ii) the assignee or lessee shall assume the obligations of the College under the Series 2017 Loan Agreement to the extent of the interest assigned or leased, shall be jointly and severally liable with the College for the performance thereof and shall be subject to service of process in the State of New York;
- (iii) the College shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of such assignment or lease and the instrument of assumption;
- (iv) neither the validity nor the enforceability of the Series 2017 Bonds or any Bond Document shall be adversely affected thereby;

- (v) the exclusion of the interest on the Series 2017 Bonds from gross income for Federal income tax purposes will not be adversely affected;
- (vi) the assignee or lessee shall be an Exempt Organization and shall utilize the Series 2017 Facility substantially in the same manner as the College as facilities of higher education.

(b) If the Trustee or the Issuer shall so request, as of the purported effective date of any assignment or lease pursuant to paragraph (a) above, the College, at its sole cost, shall furnish the Trustee or the Issuer, as appropriate, with an opinion, in form and substance satisfactory to the Trustee or the Issuer, as appropriate, (i) of Bond Counsel as to items (v) and (vi) above, and (ii) of Independent Counsel as to items (i), (ii) and (iv) above. *(Section 9.3)*

### **Merger of Issuer**

(a) Nothing contained in the Series 2017 Loan Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of its interest in the entire Series 2017 Facility to any other public benefit corporation or political subdivision which has the legal authority to enter into the Series 2017 Loan Agreement, provided that:

(i) upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of the Series 2017 Loan Agreement to be kept and performed by the Issuer shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Issuer's interest in the Series 2017 Facility shall be transferred; and

(ii) the exclusion of the interest on the Series 2017 Bonds from gross income for Federal income tax purposes shall not be adversely affected thereby.

(b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of interest, the Issuer shall give notice thereof in reasonable detail to the College and the Trustee and shall furnish to the College and the Trustee (i) a favorable opinion of Independent Counsel as to compliance with the provisions of paragraph (a)(i) above, and (ii) a favorable opinion of Bond Counsel opining as to compliance with the provisions of paragraph (a)(ii) above. The Issuer promptly shall furnish such additional information with respect to any such transaction as the College or the Trustee may reasonably request. *(Section 9.5)*

### **Events of Default Defined**

(a) The following shall be "Events of Default" under the Series 2017 Loan Agreement:

(i) the failure by the College to pay or cause to be paid on the date due, the amounts specified to be paid pursuant to the Series 2017 Loan Agreement;

(ii) the failure by the College to observe and perform any covenant contained in Sections 6.3, 6.4, 6.5, 8.2, 8.4, 8.5, 8.6, 8.8, 8.12, 8.13, 8.14, 8.15, 8.19, 8.20, 8.21 and 9.3 of the Series 2017 Loan Agreement;

(iii) any representation or warranty of the College in the Series 2017 Loan Agreement or in the Bond Purchase Agreement shall prove to have been false or misleading in any material respect and the same shall have a materially adverse affect upon the College, the Series 2017 Project or the exclusion of interest on the Series 2017 Bonds from gross income for federal income tax purposes;

(iv) the failure by the College to observe and perform any covenant, condition or agreement under the Series 2017 Loan Agreement on its part to be observed or performed (except obligations referred to in paragraphs (a)(i) or (ii) above) for a period of thirty (30) days after receiving written notice, specifying such failure and requesting that it be remedied, given to the College by the Issuer or the Trustee; provided, however, that if such default cannot be cured within thirty (30) days but the College is proceeding diligently and in good faith to cure such default, then the College shall be permitted an additional ninety (90) days within which to remedy the default;

(v) the dissolution or liquidation of the College; or the failure by the College to release, stay, discharge, lift or bond within sixty (60) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by the College generally to pay its debts as they become due; or an assignment by the College for the benefit of creditors; the commencement by the College (as the debtor) of a case in Bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in Bankruptcy or any proceeding under any other insolvency law against the College (as the debtor) and a court having jurisdiction in the premises enters a decree or order for relief against the College as the debtor in such case or proceeding, or such case or proceeding is consented to by the College or remains undismissed for sixty (60) days, or the College consents to or admits the material allegations against it in any such case or proceeding; or a trustee, receiver or agent (however named) is appointed or authorized to take charge of substantially all of the property of the College for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors (the term "dissolution or liquidation of the College or the Guarantors" as used in this subsection shall not be construed to include any transaction permitted by the Series 2017 Loan Agreement);

(vi) an Event of Default under or a default on the part of the College of its obligations under the Indenture shall have occurred and be continuing;

(vii) the invalidity, illegality or unenforceability of any of the Bond Documents, provided the same does not permit the Issuer or the Trustee, as the case may be, to recognize the material benefits of the respective documents;

(viii) a breach of any covenant or representation contained in Section 8.8 of the Series 2017 Loan Agreement with respect to environmental matters;

(ix) an Event of Default under the Series 2017 Mortgage shall have occurred and be continuing; or

(x) an event of default by the College under any other Indebtedness of the College beyond any applicable cure periods.

(b) Notwithstanding the provisions of paragraph (a) above, if by reason of force majeure any party to the Series 2017 Loan Agreement shall be unable in whole or in part to carry out its obligations under the Series 2017 Loan Agreement (other than its obligations under paragraphs (a),(b) or (d) under the heading “Loan Payments and Other Amount Payable” above) 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, such obligations under the Series 2017 Loan Agreement of the party giving such notice (and only such obligations), so far as they are affected by such force majeure, shall be suspended during continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The term “force majeure” as used in the Series 2017 Loan Agreement shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, priorities or orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, 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, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for the same with all reasonable promptness. 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 and other industrial disturbances by acceding to the demands of the opposing party or parties. (*Section 10.1*)

### **Remedies on Default**

(a) Whenever any Event of Default shall have occurred, the Issuer or the Trustee may take, to the extent permitted by law, any one or more of the following remedial steps:

(i) declare, by written notice to the College, to be immediately due and payable, whereupon the same shall become immediately due and payable: (A) all unpaid Loan Payments payable pursuant to paragraph (c) under the heading “Loan Payments and Other Amounts Payable” above and pursuant to the Promissory Note in amount equal to the aggregate unpaid principal balance of all Series 2017 Bonds together with all interest which has accrued and will accrue thereon to the date of payment and all premium, if any, and (B) all other payments due under the Series 2017 Loan Agreement; provided, however, that if an Event

of Default specified in paragraph (a)(v) under the heading “Events of Default Defined” shall have occurred, such Loan Payments and other payments due under the Series 2017 Loan Agreement shall become immediately due and payable without notice to the College or the taking of any other action by the Trustee;

(ii) (a) apply any undisbursed money in the Project Fund and Renewal Fund to the payment of the costs and expenses incurred in connection with the enforcement of the rights and remedies of the Trustee and the Issuer, and (b) apply any undisbursed monies in the Project Fund, the Renewal Fund, and any other Fund or Account under the Indenture (other than those sums attributable to Unassigned Rights and except for the monies and investments from time to time in the Rebate Fund) to the payment of the outstanding principal amount of the Series 2017 Bonds and premium, if any, and accrued and unpaid interest on the Series 2017 Bonds;

(iii) direct the Trustee to foreclose on the Series 2017 Mortgage or otherwise realize upon or seize any portion of the Trust Estate;

(iv) take any other action at law or in equity that may appear necessary or desirable to collect the payments then due or thereafter to become due under the Series 2017 Loan Agreement and to enforce the obligations, agreements or covenants of the College under the Series 2017 Loan Agreement; or

(v) exercise any other rights or remedies under any control agreement with respect to the Gross Revenues or any intercreditor agreement.

(b) Reserved.

(c) Any sums payable to the Issuer as a consequence of any action taken pursuant to the provisions under this heading (other than those sums attributable to Unassigned Rights and except for the moneys and investments from time to time in the Rebate Fund) shall be paid to the Trustee and applied to the payment of the Series 2017 Bonds.

(d) No action taken pursuant to the provisions of this heading shall relieve the College from its obligation to make all payments required by the Series 2017 Loan Agreement and pursuant to the Promissory Note.

(e) Reserved.

(f) The Issuer shall have all of the rights, powers and remedies of a secured party under the Uniform Commercial Code of New York, including, without limitation, the right to seize or otherwise dispose of any or all of the Collateral described in the Series 2017 Loan Agreement, and to receive the payment of or take possession of the Collateral or the proceeds thereof. Upon the occurrence of an Event of Default by the College under the Series 2017 Loan Agreement, the College agrees that it will not commingle any moneys or other proceeds received by it in connection with any Collateral with any other moneys, funds or accounts of the College.  
*(Section 10.2)*

## **Remedies Cumulative**

No remedy conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under the Series 2017 Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee, as appropriate, to exercise any remedy reserved to it in the Series 2017 Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in the Series 2017 Loan Agreement. *(Section 10.3)*

## **Agreement to Pay Attorneys' Fees and Expenses**

(a) In the event the College should default under any of the provisions of the Series 2017 Loan Agreement and the Issuer should employ attorneys or incur other expenses for the collection of amounts payable under the Series 2017 Loan Agreement or the enforcement of performance or observance of any obligations or agreements on the part of the College contained in the Series 2017 Loan Agreement, the College shall, on demand therefor, pay to the Issuer the reasonable fees of such attorneys and such other reasonable expenses so incurred.

(b) In the event the College should default under any of the provisions of the Series 2017 Loan Agreement and the Trustee should employ attorneys or incur other expenses for the collection of amounts payable under the Series 2017 Loan Agreement or the enforcement of performance or observance of any obligations or agreements on the part of the College contained in the Series 2017 Loan Agreement, the College shall, on demand therefor, pay to the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred. *(Section 10.4)*

## **No Additional Waiver Implied by One Waiver**

In the event any agreement contained in the Series 2017 Loan Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Series 2017 Loan Agreement. *(Section 10.5)*

## **Early Termination of Loan Agreement**

The College shall have the option to terminate the Series 2017 Loan Agreement at any time that the Series 2017 Bonds are subject to redemption in whole under the Indenture and upon filing with the Issuer and the Trustee a certificate signed by an Authorized Representative of the College stating the College's intention to do so pursuant to the Series 2017 Loan Agreement and the date upon which such payment shall be made (which date shall not be less than forty-five (45) nor more than ninety (90) days from the date such certificate is filed) and upon compliance with the requirements set forth in the Series 2017 Loan Agreement. *(Section 11.1)*

## Conditions to Early Termination of Loan Agreement

In the event the College exercises its option to terminate the Series 2017 Loan Agreement in accordance with the provisions of the Series 2017 Loan Agreement, the College shall make the following payments:

(a) To the Trustee for the account of the Issuer: an amount certified by the Trustee which, when added to the total amount on deposit with the Trustee for the account of the Issuer and the College and available for such purpose, will be sufficient to pay the principal of, Redemption Price of, and interest to maturity or the earliest practicable redemption date, as the case may be, on the Series 2017 Bonds, all expenses of redemption and the Trustee's fees and expenses.

(b) To the Issuer: an amount certified by the Issuer sufficient to pay all unpaid fees and expenses of the Issuer incurred under the Bond Documents.

(c) To the appropriate Person: an amount sufficient to pay all other fees, expenses or charges, if any, due and payable or to become due and payable under the Bond Documents. *(Section 11.2)*

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## APPENDIX D

### Form of Opinion of Bond Counsel

Upon the issuance of the Series 2017 Bonds, Nixon Peabody LLP, New York, New York, as Bond Counsel to the Issuer, will deliver its Bond Counsel opinion in substantially the same form as this Appendix D.

July 7, 2017

Town of Hempstead Local Development Corporation  
Hempstead, New York

J.P. Morgan Securities LLC  
New York, New York

U.S. Bank National Association, as Trustee  
New York, New York

Re: Town of Hempstead Local Development Corporation  
\$43,250,000 Revenue Refunding Bonds, Series 2017  
(Molloy College Project)

Ladies and Gentlemen:

We have acted as bond counsel to the Town of Hempstead Local Development Corporation (Town of Hempstead, New York) (the “**Issuer**”) in connection with the issuance on the date hereof by the Issuer of its Revenue Refunding Bonds, Series 2017 (Molloy College Project) in the aggregate principal amount of \$43,250,000 (the “**Series 2017 Bonds**”) for the benefit of Molloy College, a duly organized and validly existing New York not-for-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), which is exempt from federal income taxation pursuant to Section 501(a) of the Code (the “**College**”). The Series 2017 Bonds are authorized to be issued pursuant to:

- (i) the provisions of the New York Membership Corporation Law as in effect in 1966, as superseded by Section 1411 of the New York Not-for-Profit Corporation Law (collectively called the “**Act**”);
- (ii) an Inducement Resolution duly adopted by the Issuer on April 27, 2017, and a Bond Resolution duly adopted by the Issuer on May 18, 2017 (collectively, the “**Resolution**”);
- (iii) an Indenture of Trust, dated as of November 1, 2009 (the “**Original Indenture**”), as supplemented by a First Supplemental Indenture, dated as of November 1, 2014 (the “**First Supplemental Indenture**”), and as further supplemented by a

Second Supplemental Indenture, dated as of July 1, 2017 (the “**Second Supplemental Indenture**”); and together with the Original Indenture and the First Supplemental Indenture, the “**Indenture**”), by and between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”).

The Issuer previously issued its Revenue Bonds, Series 2014 (Molloy College Project), under Section 145 of the Code, in an aggregate principal amount of \$30,000,000 (the “**Series 2014 Bonds**”), pursuant to the First Supplemental Indenture, for the purposes of providing funds for financing and refinancing the costs of acquisition, construction, furnishing and equipping certain facilities located on portions of the College’s approximately 23.78 acre campus located at 1000 Hempstead Avenue, in the Village of Rockville Centre, Town of Hempstead, Nassau County, New York.

The Series 2017 Bonds are being issued for the following purposes: (1) the refinancing of the Issuers \$50,000,000 Revenue Bonds, Series 2009 (Molloy College Project) (the “**Series 2009 Bonds**”) of which approximately \$45,045,000 is outstanding, the proceeds of which were used for the purposes of financing and refinancing the costs of certain facilities located on portions of the College’s approximately 23.78 acre campus located at 1000 Hempstead Avenue, in the Village of Rockville Centre, Town of Hempstead, Nassau County, New York (the “**Campus**”), consisting of (A) the acquisition, construction, furnishing and equipping of (i) an approximately 36,000 square foot residence hall, (ii) an approximately 59,000 square foot campus center and associated parking area, and (iii) an approximately 6,000 square foot two-story maintenance building, and (B) the renovation and improvement of various walkways, parking areas, landscaped areas and courtyards located on the Campus (collectively the “**Series 2009 Facility**”); (C) paying capitalized interest on the Series 2009 Bonds during the construction period; and (D) paying certain costs of issuance of the Series 2009 Bonds; and (2) paying certain costs of issuance of the Series 2017 Bonds (subsections (1) through (2) hereinafter collectively referred to as the “**Series 2017 Project**”).

The Issuer will loan the proceeds of the Series 2017 Bonds to the College pursuant to the terms of a Loan Agreement, dated as of July 1, 2017 (the “**Series 2017 Loan Agreement**”), between the Issuer and the College. The College has evidenced its obligations to make loan payments to the Issuer by the issuance and delivery of a Promissory Note, dated the closing date (the “**Promissory Note**”), from the Institution to the Issuer and endorsed by the Issuer to the Trustee. The College has entered into a certain Mortgage and Security Agreement, dated as of July 1, 2017 (the “**Mortgage**”), from the College to the Issuer, whereby the Issuer will secure the loan of the proceeds of the Series 2017 Bonds to the College. The Issuer has assigned to the Trustee certain of the Issuer’s rights and remedies under the Mortgage pursuant to a certain Assignment of Mortgage and Security Agreement, dated as of July 1, 2017 (the “**Assignment**”), from the Issuer to the Trustee. The Issuer has assigned to the Trustee as security for the Series 2017 Bonds, for the benefit of the Owners of the Series 2017 Bonds, substantially all of its rights under the Series 2017 Loan Agreement pursuant to the Indenture. The Issuer and the College have entered into a Tax Regulatory Agreement, dated the date hereof (the “**Tax Regulatory Agreement**”), in which the Issuer and the College have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Code. J.P. Morgan Securities LLC (the “**Underwriter**”), has agreed to sell the Series 2017 Bonds to one or more purchasers

pursuant to the terms of a Bond Purchase Agreement, dated June 6, 2017 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter and the College.

The Series 2017 Bonds are dated July 7, 2017, and bear interest from the date thereof at the rate and pursuant to the respective terms of the Series 2017 Bonds. The Series 2017 Bonds are subject to prepayment or redemption prior to maturity, as a whole or in part, at such time or times, under such circumstances and in such manner as is set forth in the Series 2017 Bonds and the Indenture.

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

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned in the Schedule of Definitions attached as Schedule A to the Indenture.

In rendering the opinions set forth below, we have relied upon, among other things, certain representations and covenants made by the parties in this transaction including: (i) the College in (a) the Bond Purchase Agreement, (b) the Tax Regulatory Agreement, (c) the Series 2017 Loan Agreement, (d) the Mortgage, (e) the Closing Certificate of the College, dated the date hereof, and (f) the Bond Counsel Questionnaire submitted to us by the College, as amended and supplemented and (ii) the Issuer in (a) the Bond Purchase Agreement, (b) the Indenture, (c) the Tax Regulatory Agreement, (d) the Series 2017 Loan Agreement, (e) the Assignment, and (f) the Closing Certificate of the Issuer, dated the date hereof. We call your attention to the fact that there are certain requirements with which the Issuer and the College must comply after the date of issuance of the Series 2017 Bonds in order for the interest on the Series 2017 Bonds to remain excluded from gross income for federal income tax purposes. Copies of the aforementioned documents are included in the Transcript of Proceedings.

In addition, in rendering the opinions set forth below, we have relied upon the opinions of counsel to the Issuer, Ryan, Brennan & Donnelly, LLP, Floral Park, New York; counsel to the College, Farrell Fritz, P.C., Melville, New York; and counsel to the Trustee, Paparone Law PLLC, New York, New York, all of even date herewith. Copies of the aforementioned opinions are contained in the Transcript of Proceedings.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing corporate governmental agency constituting a local development corporation of the State of New York.
2. The Issuer is duly authorized to issue, execute, sell and deliver the Series 2017 Bonds, for the purpose of paying the costs described above.

3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The Bond Purchase Agreement, the Second Supplemental Indenture, the Tax Regulatory Agreement, the Assignment, and the Series 2017 Loan Agreement have been duly authorized, executed and delivered by the Issuer.

5. Assuming the due authorization, execution and delivery thereof by the other parties thereto and assuming that with respect to such other parties thereto, no event or action impairing the enforceability of the Original Indenture and the First Supplemental Indenture shall have occurred or been taken after the time of delivery thereof except the execution and delivery of the Second Supplemental Indenture and the Series 2017 Loan Agreement, the Indenture, the Series 2017 Loan Agreement the Bond Purchase Agreement, the Assignment and the Tax Regulatory Agreement, are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

6. The Series 2017 Bonds have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding special obligations of the Issuer payable solely from the revenues derived from the Series 2017 Loan Agreement, enforceable against the Issuer in accordance with their respective terms.

7. The Series 2017 Bonds do not constitute a debt of the State of New York or of the Town of Hempstead, New York, and neither the State of New York nor the Town of Hempstead, New York, will be liable thereon.

8. The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2017 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2017 Bonds. Pursuant to the Indenture, the Series 2017 Loan Agreement and the Tax Regulatory Agreement, the Issuer and the College have covenanted to maintain the exclusion from gross income of the interest on the Series 2017 Bonds pursuant to Section 103 of the Code. In addition, the Issuer and the College have made certain representations and certifications in the Indenture, the Series 2017 Loan Agreement and the Tax Regulatory Agreement. We are also relying on the opinion of Counsel to the College, as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2017 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed by the Code on such corporations.

9. Interest on the Series 2017 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision of the State of New York, assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 8 herein.

Except as stated in paragraphs 8 and 9 above, we express no opinion as to any other federal, state, or local tax consequences of the ownership or disposition of the Series 2017 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2017 Bonds, or the interest thereon, if any action is taken with respect to the Series 2017 Bonds or the proceeds thereof upon the advice or approval of other counsel.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2017 Bonds, the Bond Purchase Agreement, the Indenture, the Mortgage, the Assignment, the Series 2017 Loan Agreement, and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency or other laws or enactments now or hereafter enacted by the State of New York or the United States affecting the enforcement of creditors' rights and by restrictions on the availability of equitable remedies and to the extent, if any, that enforceability of the indemnification provisions of such documents may be limited under law. We express no opinion with respect to the availability of any specific remedy provided for in any of the bond documents.

In rendering the foregoing opinions, we are not passing upon and do not assume any responsibility for the accuracy, completeness, sufficiency or fairness of any documents, information or financial data supplied by the Issuer, the College or the Trustee in connection with the Series 2017 Bonds, the Bond Purchase Agreement, the Indenture, the Mortgage, the Series 2017 Loan Agreement, the Tax Regulatory Agreement, the Official Statement, the Continuing Disclosure Agreement or the Series 2017 Project and make no representation that we have independently verified the accuracy, completeness, sufficiency or fairness of any such documents, information or financial data. In addition, we express no opinion herein with respect to the accuracy, completeness, sufficiency or fairness of the Preliminary Official Statement, dated May 26, 2017, or the Official Statement, dated June 6, 2017, with respect to the Series 2017 Bonds.

We express no opinion herein with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of State Securities laws, or the availability of exemptions therefrom.

We express no opinion as to the adequacy, perfection or priority of any security interest in any collateral securing the Series 2017 Bonds.

Furthermore, we express no opinion as to the Continuing Disclosure Agreement. We express no opinion with respect to whether the Issuer and the College (i) have complied with the State Environmental Quality Review Act, (ii) have obtained any or all necessary governmental approvals, consents or permits, or (iii) have complied with the New York Labor Law or other applicable laws, rules, regulations, orders and zoning and building codes, all in connection with the renovation, construction, equipping, furnishing and operation of the Series 2017 Project.

This opinion is to be relied upon solely by the addressees and may not be relied upon by any other person without our prior written consent.

Very truly yours,

## APPENDIX E

### Form of Continuing Disclosure Undertaking

July 7, 2017

U.S. Bank National Association, as Trustee  
100 Wall Street, Suite 1600  
New York, New York 10005

Re: Town of Hempstead Local Development Corporation \$43,250,000 Revenue Refunding Bonds, Series 2017 (Molloy College Project) (the “Series 2017 Bonds”), issued under an Indenture of Trust, dated as of November 1, 2009 (the “Original Indenture”), entered into by and between the Town of Hempstead Local Development Corporation (the “Issuer”) and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of November 1, 2014 (the “First Supplemental Indenture”), and a Second Supplemental Indenture of Trust, dated as of July 1, 2017 (the “Second Supplemental Indenture” and, together with the Original Indenture and the First Supplemental Indenture, the “Indenture”), each entered into by and between the Issuer and the Trustee

Ladies and Gentlemen:

In connection with the issuance of the Series 2017 Bonds and with reference to the continuing disclosure requirements of Rule 15c2-12 (the “Rule”) under the Securities and Exchange Act of 1934, as amended (the “1934 Act”), Molloy College (the “College”) shall engage in the undertaking described in Paragraphs 1, 2 and 3 herein for the benefit of the registered owners of the Series 2017 Bonds (the “Bondowners”) and the beneficial owners of the Series 2017 Bonds, subject to the conditions and limitations specified herein.

1. Within the expiration of one hundred eighty (180) calendar days after the close of the most recent fiscal year of the College (the “Filing Deadline”) commencing with the fiscal year ending June 30, 2017, the College will provide to the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access (“EMMA”) system at <http://emma.msrb.org/submission>:
  - (a) Financial information and operating data for the Fiscal Year then ended relating to the College, updating the financial information and operating data presented in the Official Statement dated June 6, 2017, relating to the issuance of the Series 2017 Bonds under the subheadings “College Faculty”, “Freshman Applications, Acceptances & Enrollments”, “Enrollment (Full-Time Equivalent)”, “Summary of SAT Scores”, “Annual Tuition and Fees”, “Annual Tuition and Fee Rates, 2016-2017 Academic Year”, “Summary of Student Financial Aid”, “Annual Degrees Conferred”, “Statements of Financial Position”, “Net Assets”, “Summarized Statements of Activities”, “Long Term Investments”, “Summary of

Private Gifts” and “Land, Buildings, and Equipment” in “Appendix A – Information Pertaining to Molloy College”, to the extent not otherwise set forth in the audited financial statements provided pursuant to (b) below; and

- (b) Audited financial statements of the College for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles; provided if such audited financial statements are unavailable at such time, the College will provide unaudited financial statements of the College for such period and thereafter will provide the audited financial statements if and when they become available.

Items (a) and (b) are sometimes referred to herein respectively as the “Annual Report”.

The College shall file a certificate with the Issuer and the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Undertaking, stating the date it was provided and listing all the repositories to which it was provided (the “Compliance Certificate”); such report shall include a certification from the College that the Annual Report complies with the requirements of this Continuing Disclosure Undertaking.

If the Trustee has not received a Compliance Certificate by the Filing Deadline, the Trustee shall send, and the College hereby authorizes and directs the Trustee to submit on its behalf, a notice to the MSRB through EMMA in substantially the form attached hereto as Exhibit A.

The College reserves the right to modify from time to time the specific types of information provided under subparagraph (a) above or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the College; provided that any such modification will be done in a manner consistent with the Rule. At its option, the Trustee may request that the College provide an opinion of a nationally recognized bond counsel which states that said amendment will not have any adverse affect upon the taxability of the Series 2017 Bonds.

- 2. The College in a timely manner not to exceed ten (10) business days after the occurrence of the event, will provide to the MSRB through EMMA written notice of the occurrence of any of the following events with respect to the Series 2017 Bonds:
  - a) principal or interest payment delinquencies;
  - b) non-payment related defaults, if material;
  - c) unscheduled draws on debt service reserves reflecting financial difficulties;
  - d) unscheduled draws on credit enhancements reflecting financial difficulties;
  - e) substitution of credit or liquidity providers, or their failure to perform;
  - f) 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;

- g) modifications to rights of holders of the Series 2017 Bonds, if material;
- h) Bond calls, if material, and tender offers;
- i) defeasances;
- j) release, substitution, or sale of property securing repayment of the Series 2017 Bonds, if material;
- k) rating changes;
- l) bankruptcy, insolvency, receivership or similar event of the College;

Note to clause (k): For the purposes of the event identified in clause (k) 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 College 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 College, 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 College;

- m) the consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - n) appointment of a successor or additional Trustee or the change of the name of the Trustee, if material.
3. All documents provided to the MSRB shall be accompanied by identifying information prescribed by the MSRB.
  4. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the College and the Trustee may amend this Continuing Disclosure Undertaking (and the Trustee shall agree to any amendment so requested by the College, provided, however, the Trustee shall not be required to accept or acknowledge any amendment of this Continuing Disclosure Undertaking if the amendment adversely affects its rights or immunities or increases its duties hereunder) and any provision of this Continuing Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the College and the Trustee to the effect that such amendment or waiver would not, in and of itself, cause the

undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

5. The College, or the College's designee from time to time, shall be the contact persons on behalf of the College from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person for the College is Michael McGovern, Vice President for Finance and Treasurer, 1000 Hempstead Avenue, P.O. Box 5002, Rockville Centre, New York 11571-5002, Telephone: (516) 323-3030.
6. The College's obligations under this Continuing Disclosure Undertaking shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2017 Bonds. If the College's obligations under the Series 2017 Loan Agreement (as defined in the Indenture) are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the College and the College shall have no further responsibility hereunder.
7. In the event of a failure by the College to comply with any provision of this Continuing Disclosure Undertaking, the Trustee may (and at the request of any Bondowner holding at least 25% aggregate principal amount of outstanding Series 2017 Bonds, and providing the Trustee with indemnification of the type described in Section 9.01(b)(xiii) of the Original Indenture, shall), or any Bondowner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the College or the Trustee, as the case may be, to comply with their obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an Event of Default under the Series 2017 Loan Agreement or the Indenture, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the College, or the Trustee to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.
8. The Trustee is entitled to rely on any notices received by it from the College in making or not making any securities disclosure. The Trustee shall have no liability to the College or any Bondowners or anyone else for any disclosure or nondisclosure which is undertaken in reliance on notices from the College.
9. The Trustee shall have any such duties as are specifically set forth herein. The Trustee (i) shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own gross negligence or willful misconduct, (ii) shall not be obligated to take any legal action or other action hereunder which might in its judgment involve any expense or liability unless it has been furnished with indemnification satisfactory to it, and (iii) shall be entitled to consult with counsel satisfactory to it, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel. The College covenants and agrees to indemnify the Trustee and hold it harmless without limitation from and against any loss, liability or expense of any nature incurred by the Trustee arising out of or in connection with this Continuing Disclosure Undertaking except due to its own gross

negligence or willful misconduct. In no event shall the Trustee be liable for indirect, special or consequential damages. This Paragraph 9 shall survive termination of this Continuing Disclosure Undertaking.

Very truly yours,

MOLLOY COLLEGE

By: \_\_\_\_\_

Name:

Title:

The foregoing is agreed to:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT A**

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Hempstead Local Development Corporation

Name of Bond Issue: Revenue Refunding Bonds, Series 2017 (Molloy College Project)

Date of Issuance: July 7, 2017

NOTICE IS HEREBY GIVEN that Molloy College (the “Obligated Person”) has not provided an Annual Report with respect to the above-named Series 2017 Bonds as required by the Continuing Disclosure Undertaking dated July 7, 2017 between the Obligated Person and U.S. Bank National Association, as Trustee.

Dated:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee,  
on behalf of Molloy College

By:

Name: \_\_\_\_\_

Title:

cc: Molloy College

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# Molloy College



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