NEW ISSUES – BOOK-ENTRY-ONLY **UNRATED**

In the opinion of Hodgson Russ LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes, and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except that (a) the College (as hereinafter defined) or another Person, by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2019A Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, and (b) interest on the Series 2019A Bonds is included in the tax base for purposes of computing the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code, and (2) so long as interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2019A Bonds is exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Interest on the Series 2019B Bonds is not excludable from gross income for federal income tax purposes and is not exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). For a more complete discussion, including certain other tax considerations, see "TAX MATTERS" herein.

$14,740,000
MADISON COUNTY
CAPITAL RESOURCE CORPORATION
Tax-Exempt Revenue Bonds
(Cazenovia College Project), Series 2019A

$10,180,000
MADISON COUNTY
CAPITAL RESOURCE CORPORATION
Taxable Revenue Bonds
(Cazenovia College Project), Series 2019B

Dated: Date of Delivery **Due: See page (i)**

Madison County Capital Resource Corporation (the "Issuer"), a not-for-profit corporation organized and existing under the laws of the State of New York (the "State") will issue its Tax-Exempt Revenue Bonds (Cazenovia College Project), Series 2019A in the aggregate principal amount of $14,740,000 (the "Series 2019A Bonds") and its Taxable Revenue Bonds (Cazenovia College Project), Series 2019B in the aggregate principal amount of $10,180,000 (the "Series 2019B Bonds", and, together with the Series 2019A Bonds, the "Series 2019 Bonds") pursuant to a Trust Indenture dated as of September 1, 2019 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as Trustee. The Series 2019 Bonds are payable from and secured by a pledge of certain payments to be made under a Loan Agreement, dated as of September 1, 2019 (the "Loan Agreement"), between the Issuer and Cazenovia College (the "College"), a not-for-profit education corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Code.

Interest on the Series 2019 Bonds will accrue from the date of delivery thereof and will be payable semiannually on each March 1 and September 1, commencing March 1, 2020. The Series 2019 Bonds will be issued as fully registered bonds initially issued in the minimum authorized denomination of $25,000 and any integral multiple of $5,000 in excess thereof in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"). Purchases of the Series 2019 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 2019 Bonds. Payments of principal of, premium, if any, and interest on the Series 2019 Bonds will be made directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Series 2019 Bonds. Disbursement of such payment to the DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of the DTC Participants, as more fully described herein.

The Series 2019 Bonds are subject to mandatory, optional and extraordinary mandatory redemption as described herein.

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING MADISON COUNTY, NEW YORK (THE "COUNTY") WILL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2019 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2019 BONDS. THE SERIES 2019 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2019 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2019 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "RISK FACTORS."

The Series 2019 Bonds are offered, subject to prior sale, when, as and if accepted by Oppenheimer & Co., Inc. and subject to an opinion as to the validity of the Series 2019 Bonds and the tax-exempt status of the Series 2019A Bonds by Hodgson Russ LLP, Albany, New York, Bond Counsel; the approval of certain legal matters for the Issuer by Hodgson Russ LLP, Albany, New York, Issuer's Counsel, for the College by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York, for the Trustee by its counsel, Paparone Law PLLC, New York, New York, and for the Underwriter by its counsel, Ice Miller LLP, Columbus, Ohio, and certain other conditions. It is expected that delivery of the Series 2019 Bonds will be made on or about September 24, 2019 through the facilities of DTC, against payment therefor.

OPPENHEIMER

DATED SEPTEMBER 4, 2019

Cazenovia College Main Campus

MATURITY SCHEDULE

$14,740,000
Madison County Capital Resource Corporation
Tax-Exempt Revenue Bonds
(Cazenovia College Project),
Series 2019A

$14,740,000 due September 1, 2022; Rate: 5.500%; Yield: 5.500%; Price 100.000%; CUSIP 557363DJ4†

$10,180,000
Madison County Capital Resource Corporation
Taxable Revenue Bonds
(Cazenovia College Project),
Series 2019B

$10,180,000 due September 1, 2022; Rate: 6.150%; Yield: 6.150%; Price 100.000%; CUSIP 557363DK1†

† The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, the College, the Underwriter or Trustee, and are included solely for the convenience of the holders of the Series 2019 Bonds. None of the Issuer, the College, the Underwriter or the Trustee is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2019 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2019 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.

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NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE COLLEGE WILL REALIZE GROSS REVENUES IN AMOUNTS SUFFICIENT TO MAKE THE REQUIRED PAYMENTS UNDER THE LOAN AGREEMENT. THE REALIZATION OF FUTURE GROSS REVENUES IS DEPENDENT UPON, AMONG OTHER THINGS, THE MATTERS DESCRIBED HEREIN AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. SEE "RISK FACTORS" HEREIN.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized by the Issuer, the College or the Underwriter to give any information or to make any representation with respect to the Series 2019 Bonds other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Issuer, the College and other sources that are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Issuer or the College or other matters described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The explanations of provisions of laws and descriptions of the documents in this Limited Offering Memorandum are summaries thereof and reference is made to the actual laws and documents for a complete understanding of the contents of such documents.

The Trustee assumes no responsibility for this Limited Offering Memorandum and has not reviewed or undertaken to verify any information contained herein.

The order and placement of materials in this Limited Offering Memorandum, including the Appendices, are not deemed to be a determination of relevance, materiality or importance, and this Limited Offering Memorandum, including the Appendices, must be considered in its entirety. The offering of the Series 2019 Bonds is made only by means of this entire Limited Offering Memorandum.

In making an investment decision, investors must rely on their own examinations of the College's financial information and the terms of the offering, including the merits and risks involved. The Series 2019 Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or completeness of this Limited Offering Memorandum. Any representation to the contrary may be a criminal offense.

The College has covenanted to provide continuing disclosure as described in this Limited Offering Memorandum in APPENDIX F – "SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT," pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission. The Issuer has not, and will not, undertake any responsibilities to provide continuing disclosure with respect to the Series 2019 Bonds and will have no liability to Series 2019 Bondholders with respect to any such disclosures.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum: The Underwriter has reviewed the information in this Limited Offering Memorandum 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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Limited Offering Memorandum contains "forward-looking" information within the meaning of the federal securities laws. If and when included in this Limited Offering Memorandum, the words, "expects," "forecasts," "projects," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A to this Limited Offering Memorandum. The forward-looking information includes statements concerning the College's outlook for the future, as well as other statements of belief, future plans and strategies or anticipated events, and similar expressions concerning matters that are not historical facts. Forward-looking information and statements are subject to many risks and uncertainties that could cause actual results to differ materially from those uncertainties, and other factors that may cause the actual results or performance of the College to be materially different from any expected future results or performance. These risks and uncertainties include, but are not limited to, the risks identified under "RISK FACTORS" herein. Readers are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. These forward-looking statements speak only as of the date of this Limited Offering Memorandum. The College and the Issuer disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the College's or the Issuer's expectations with regard thereto or to any change in events, conditions, or circumstances on which any such statement is based.

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SUMMARY STATEMENT

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein. The offering of the Series 2019 Bonds to potential investors is made only by means of the entire Limited Offering Memorandum. No person is authorized to detach this Summary Statement from this Limited Offering Memorandum or otherwise use it without the entire Limited Offering Memorandum. For the definitions of certain words and terms used in this Summary Statement, see APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS."

Purpose of the Issue .... Madison County Capital Resource Corporation (the "Issuer") is issuing its $14,740,000 Tax-Exempt Revenue Bonds (Cazenovia College Project), Series 2019A (the "Series 2019A Bonds") and its $10,180,000 Taxable Revenue Bonds (Cazenovia College Project), Series 2019B (the "Series 2019B Bonds") pursuant to a Trust Indenture, dated as of September 1, 2019 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). Proceeds from the sale of the Series 2019 Bonds will be loaned to Cazenovia College (the "College") pursuant to the terms of a Loan Agreement, dated as of September 1, 2019 (the "Loan Agreement"), between the Issuer and the College, and will be used to (A) refinance the outstanding principal amount of the Prior Indebtedness, (B) finance the acquisition, installation, and renovation of the Series 2019 Facility, (C) finance the acquisition and installation of the Series 2019 Equipment, (D) finance certain working capital of the College, (E) fund a debt service reserve fund for the Series 2019 Bonds, (F) pay interest on the Series 2019 Bonds from the Funded Interest Fund established under the Indenture, and (G) pay all or a portion of the costs of issuance of the Series 2019 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – The Indenture," "SOURCES AND USES OF FUNDS" and "THE COLLEGE."

The Issuer .... The Issuer is a not-for-profit corporation organized and existing under the laws of the State of New York and as provided in Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the "Enabling Act") is authorized and empowered to issue the Series 2019 Bonds. See "THE ISSUER."

The College .... The College is a not-for-profit education corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). See "THE COLLEGE" and APPENDIX A – "CAZENOVIA COLLEGE."

Special Limited Obligations .... The Series 2019 Bonds are special limited obligations of the Issuer, payable as to principal, redemption price and interest solely from the Trust Estate and certain funds and accounts established under the Indenture. Neither the State of New York (the "State") nor any political subdivision thereof, including Madison County, New York (the "County") will be obligated to pay the principal or redemption price of, or interest on, the Series 2019 Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the County, is pledged to such payment of the Series 2019 Bonds. The Series 2019 Bonds will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2019 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the County. No recourse will be had for the payment of the principal or redemption price of, or interest on, the Series 2019 Bonds against any member, officer, director, employee, representative or agent of the Issuer. The Issuer has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS."

Registration and Denominations......... The Series 2019 Bonds will be issued by the Issuer as fully registered bonds without coupons in denominations of $25,000 or any integral multiple of $5,000 in excess thereof (the "Authorized Denominations").

Book-Entry-Only.................................. The Series 2019 Bonds will be issued in fully registered form and will be registered initially in the name of "Cede & Co." as nominee for The Depository Trust Company ("DTC"), a securities depository. Beneficial ownership interests may be acquired through participants in the DTC system (the "Participants"). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Series 2019 Bonds (the "Beneficial Owners") will not receive certificates evidencing their interests in the Series 2019 Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2019 Bonds. So long as DTC or its nominee is the registered owner of the Series 2019 Bonds, payments of principal, premium, if any, and interest on the Series 2019 Bonds, as well as notices and other communications made by or on behalf of the Issuer pursuant to the Indenture, will be made to DTC or its nominee only. Disbursement of such payments, notices and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See APPENDIX F – "BOOK-ENTRY-ONLY SYSTEM" for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

Payment Provisions.............................. The Series 2019 Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on page (i) hereof. Interest on the Series 2019 Bonds is payable semiannually on March 1 and September 1 in each year, commencing March 1, 2020.

Prior Redemption................................. The Series 2019 Bonds are subject to mandatory and extraordinary mandatory redemption prior to their maturities. The terms and provisions regarding such prior redemption are set forth in "THE SERIES 2019 BONDS – Redemption of series 2019 bonds."

Security .... The Series 2019 Bonds are special, limited obligations of the Issuer as described under "Special Limited Obligations" above. Under the Loan Agreement, the Series 2019 Bonds will be payable primarily from and secured by a pledge of payments to be made by the College (the "Loan Payments"), which are required to be sufficient to pay when due the scheduled principal of and interest on the Series 2019 Bonds and any Additional Bonds (collectively, the "Bonds"). The Series 2019 Bonds will also be secured by (i) a mortgage lien on and security interest in the Mortgaged Property pursuant to a Mortgage dated as of September 1, 2019, from the College to the Issuer (as the same may be amended or supplemented, the "Mortgage"), as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage dated as of September 1, 2019 (the "Assignment of Mortgage"), (ii) the Assignment of Leases and Rents dated as of September 1, 2019, from the College to the Issuer (the "Assignment of Leases and Rents"), as assigned from the Issuer to the Trustee pursuant to the Assignment of Assignment of Leases and Rents dated as of September 1, 2019 (the "Assignment of Assignment of Leases and Rents"), (iii) a pledge and assignment dated as of September 1, 2019 (the "Pledge and Assignment") from the Issuer to the Trustee, and acknowledged by the College, which Pledge and Assignment will assign to the Trustee certain of the Issuer's rights under the Loan Agreement, and (iv) a pledge and security agreement dated as of September 1, 2019, from the College to the Trustee, pursuant to which the College grants to the Trustee a security interest in the Gross Revenues of the College. See "SECURITY FOR THE SERIES 2019 BONDS."

Reserve Fund. The Indenture establishes accounts in the Reserve Fund related to each Series of Bonds. The Bonds of a Series shall be secured only by the particular subaccount of the Reserve Fund established with respect to such Series. With respect to the Series 2019 Bonds, there shall be deposited into the Series 2019A Reserve Account a portion of the proceeds of the Series 2019A Bonds in an amount equal to $405,350.00 and into the Series 2019B Reserve Account a portion of the proceeds of the Series 2019B Bonds in an amount equal to $313,035.00, representing in the aggregate the Reserve Fund Requirement. Under the Indenture, moneys in the Reserve Fund shall be used solely for the Debt Service Payments on the corresponding Series of Bonds in the event moneys in the Bond Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date, sinking fund payment date, maturity date or otherwise. On the final maturity date of the Series 2019 Bonds or upon earlier redemption of the Series 2019 Bonds in whole as permitted under the Indenture, any moneys in the 2019 Account of the Reserve Fund shall be used to pay the principal of and interest on the Series 2019 Bonds on such final maturity date or redemption date. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – The Indenture."

Days Cash on Hand Covenant .... The Loan Agreement requires the College to have Days Cash on Hand equal to at least 120 days as of December 31, 2019, and as of each June 30 and December 31 thereafter. See ""SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Covenants of the College; Additional Indebtedness."

Bondholders' Risks .... Prospective purchasers should read this entire Limited Offering Memorandum and the Appendices attached hereto in their entirety, particularly the section "RISK FACTORS" herein, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2019 Bonds.

Continuing Disclosure Agreement .... The College has agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2019 Bonds to provide certain financial information and other operating data and notices of material events. See "RISK FACTORS – Failure to Provide Ongoing Disclosure," "CONTINUING DISCLOSURE" and APPENDIX E – "SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT."

Tax Status .... In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law and assuming compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2019A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (a) the College or another Person, by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2019A Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, and (b) interest on the Series 2019A Bonds is included in the tax base for purposes of computing the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code; and (2) so long as interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2019A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2019A Bonds. Interest on the Series 2019B Bonds is not excludable from gross income for federal income tax purposes and is not exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). See "TAX MATTERS" herein and APPENDIX D – "FORM OF BOND COUNSEL OPINION" hereto.

Authority for Issuance.......................... The Series 2019 Bonds are being issued in full conformity with the constitution and laws of the State of New York, and pursuant to the authorizing resolution (the "Resolution") adopted by the Issuer's Board of Directors (the "Board") at a meeting held on July 2, 2019, pursuant to the terms of the Indenture.

Financial Statements............................. The College's financial statements for the Fiscal Years ended June 30, 2013, 2014, 2015, 2016, 2017 and 2018 were audited by Bonadio & Co., LLP and are attached hereto as APPENDIX B.

Delivery Information .... The Series 2019 Bonds are offered when, as, and if issued by the Issuer and accepted by Oppenheimer & Co. Inc., as underwriter for the Series 2019 Bonds (the "Underwriter"), subject to the prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that the Series 2019 Bonds will be available for delivery through the facilities of DTC on or about September 24, 2019.

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LIMITED OFFERING MEMORANDUM

$14,740,000	**$10,180,000**
Madison County Capital Resource Corporation	**Madison County Capital Resource Corporation**
Tax-Exempt Revenue Bonds	**Taxable Revenue Bonds**
(Cazenovia College Project), Series 2019A	**(Cazenovia College Project), Series 2019B**

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Limited Offering Memorandum and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Definitions contained in the text hereof are for ease of reference only, and are qualified in their entirety by the definitions in APPENDIX C or the documents with respect to which such terms relate. The Appendices to this Limited Offering Memorandum are an integral part of this Limited Offering Memorandum and each potential investor should review the Appendices in their entirety. Capitalized terms not defined herein have the meanings assigned in APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS" or in any other document with respect to which the term is used.

General

Madison County Capital Resource Corporation (the "Issuer"), a not-for-profit corporation organized and existing under the laws of the State of New York and as provided in Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the "Enabling Act"), will issue its (i) Tax-Exempt Revenue Bonds (Cazenovia College Project), Series 2019A in the aggregate principal amount of $14,740,000 (the "Series 2019A Bonds"), and (ii) Taxable Revenue Bonds (Cazenovia College Project), Series 2019B in the aggregate principal amount of $10,180,000 (the "Series 2019B Bonds" and, together with the Series 2019A Bonds, the "Series 2019 Bonds"), pursuant to a resolution adopted by the Issuer on July 2, 2019 and a Trust Indenture dated as of September 1, 2019 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Issuer will loan the proceeds of the Series 2019 Bonds (the "Loan") to Cazenovia College (the "College"), a not-for-profit education corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to a Loan Agreement dated as of September 1, 2019 (the "Loan Agreement"), between the Issuer and the College. See APPENDIX C –"DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS" in this Limited Offering Memorandum.

Proceeds of the Series 2019 Bonds will be used by the College for the purposes of (i) refinancing of the Prior Indebtedness, (ii) financing the acquisition, installation, and renovation of the Series 2019 Facility, (iii) financing the acquisition and installation of the Series 2019 Equipment, (iv) financing certain working capital of the College, (v) funding a debt service reserve fund for the Series 2019 Bonds, (vi) paying interest on the Series 2019A Bonds and the Series 2019B Bonds, respectively, from the Funded Interest Fund established under the Indenture, and (vii) paying all or a portion of the costs of issuance of the Series 2019 Bonds. See "THE PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and APPENDIX A – "CAZENOVIA COLLEGE" in this Limited Offering Memorandum.

Loan of Series 2019 Bond Proceeds; Mortgage and Other Security

Proceeds of the Series 2019 Bonds will be loaned by the Issuer to the College pursuant to the Loan Agreement, and the Series 2019 Bonds will be payable primarily from and secured by a pledge of payments to be made by the College (the "Loan Payments") under the Loan Agreement, which are required to be sufficient to pay when due the scheduled principal of, and interest on the Series 2019 Bonds and any Additional Bonds (collectively, the "Bonds"). The Series 2019 Bonds will also be secured by (i) a mortgage lien on and security interest in the College's fee title interest in the Mortgaged Property pursuant to a Mortgage dated as of September 1, 2019, from the College to the Issuer (as the same may be amended or supplemented, the "Mortgage"), as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage dated as of September 1, 2019 (the "Assignment of Mortgage"), (ii) the Assignment of Leases and Rents dated as of September 1, 2019, from the College to the Issuer (the "Assignment of Leases and Rents"), as assigned from the Issuer to the Trustee pursuant to the Assignment of Assignment of Leases and Rents dated as of September 1, 2019 (the "Assignment of Assignment of Leases and Rents"), (iii) a Pledge and Assignment dated as of September 1, 2019 (the "Pledge and Assignment") from the Issuer to the Trustee, and acknowledged by the College, which Pledge and Assignment will assign to the Trustee certain of the Issuer's rights under the Loan Agreement, and (iv) a Pledge and Security Agreement dated as of September 1, 2019, from the College to the Trustee, pursuant to which the College grants to the Trustee a security interest in the Gross Revenues of the College. See APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS" in this Limited Offering Memorandum.

Pursuant to the Loan Agreement, on the Closing Date, the College shall deliver to the Trustee a binding commitment to issue a lender's title insurance policy in an amount equal to the aggregate principal amount of the Series 2019 Bonds (the "Closing Policy"), which will contain (i) a statement in Schedule B of the Closing Policy (the "Exception Statement") that the Closing Policy does not insure title to, or the priority of the Mortgage on, the Excluded Parcels (as defined below), and (ii) an exception for any state of facts an updated survey of the Mortgaged Property would show (a "Survey Exception"). The "Excluded Parcels" shall mean all of the Mortgaged Property other than (1) Shove Hall, (2) Shove Suites, (3) Park Hall, (4) the Campus Center at Watts Hall, (5) Stephen M. Schneeweiss Athletic Complex, (6) Christakos Field, (7) Clark Tennis Courts, (8) Reisman Hall and (9) Equine Education Center.

Within ninety (90) days after the Closing Date (the "Replacement Policy Deadline"), the College is required to deliver to the Trustee a binding commitment to issue a lender's title insurance policy in an amount equal to the aggregate principal amount of the Series 2019 Bonds (the "Replacement Policy"), in lieu of and as a replacement for the Closing Policy, which shall ensure that the Trustee has a valid first lien on the Mortgaged Property, subject only to Permitted Encumbrances and removing the Exception Statement and the Survey Exception.

See "RISK FACTORS – Risks Related to Title Insurance."

Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2019 Bonds, substantially all of its right, title and interest in and to the Loan Agreement and the amounts payable thereunder (other than the Issuer's Unassigned Rights) to secure payment of the principal of, redemption premium, if any, and interest on the Series 2019 Bonds. The obligation of the College to make Loan Payments under the Loan Agreement is an absolute and unconditional obligation of the College. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS" in this Limited Offering Memorandum.

Continuing Disclosure

The College will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, certain periodic semi-annual and annual financial reports and notices of certain other events with respect to the Series 2019 Bonds. See "RISK FACTORS – Failure to Provide Ongoing Disclosure," "CONTINUING DISCLOSURE" APPENDIX E – "SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

Special Covenants of the College; Additional Indebtedness

Pursuant to the Loan Agreement, the College will make certain covenants for the benefit of the Trustee for the benefit of the holders of the Series 2019 Bonds and any Additional Bonds issued under the Indenture.

Cash on Hand Covenant

Pursuant to the terms of the Loan Agreement, the College covenants to maintain unrestricted Cash on Hand of at least 120 Days' Cash on Hand, tested as of June 30 and December 31 of each year, commencing December 31, 2019, until the Series 2019 Bonds are no longer outstanding (the "Cash on Hand Requirement"). No later than the date on which the College delivers its financial statements to the Trustee pursuant to the Loan Agreement, a certificate of an Authorized Representative of the College stating whether as of June 30 or December 31, as applicable, of each year the Cash on Hand Requirement is satisfied and the amount of Cash on Hand having met the Cash on Hand Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Covenants of the College; Additional Indebtedness."

Financial and Operational Reporting

In addition to the reporting required under the Continuing Disclosure Agreement, pursuant to the terms of the Loan Agreement, the College covenants and agrees that it will have its books and records audited annually, commencing with the Fiscal Year ending June 30, 2019, by a firm of independent certified accountants not unacceptable to the Trustee ("Qualified Accountants") as soon as practicable after the close of each Fiscal Year. The College agrees that it will furnish to the Trustee, and the Issuer on the request by the Issuer, within 150 days after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2019, the financial statements of the College, including its balance sheet, statement of revenue, expenses, and changes in fund balance (deficit), and statement of cash flow, for the year then ended in comparative form for the preceding Fiscal Year, which financial statements audited by Qualified Accountants. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Covenants of the College; Additional Indebtedness."

The Series 2019 Bonds mature on September 1, 2022 (the "Maturity Date"), on which Maturity Date all of the outstanding principal amount of the Series 2019 Bonds and all accrued but unpaid interest on the outstanding principal amount of the Series 2019 Bonds (collectively, the "Maturity Price") will be due and payable. Other than amounts on deposit in the Reserve Fund, the sole source of payment of the Maturity Price on the Maturity Date is expected to be the proceeds of a refinancing transaction on or prior to the Maturity Date (the "Refunding Debt"). **IF THE REFUNDING DEBT IS NOT ISSUED ON OR PRIOR TO THE MATURITY DATE, THE COLLEGE IS NOT EXPECTED TO HAVE SUFFICIENT FUNDS TO REPAY THE SERIES 2019 BONDS ON THE MATURITY DATE.** Should the College be unable to repay the Series 2019 Bonds on the Maturity Date, the Trustee acting on behalf of Bondholders may seek to enforce its security interest and lien, as applicable, in and against the

Gross Revenues and Mortgaged Property. For descriptions of the Pledge and Security Agreement and the Mortgage, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – General," and for a description of certain risks related to the value of the Mortgaged Property and the enforcement of the Mortgage in the event of default, see "RISK FACTORS – Potential Effects of Bankruptcy," " – Value of Property May Fluctuate; Limitation on Appraisals," " – Risks Related to Title Insurance," and " – Special Purpose Buildings."

Bondholders' Risks

Certain risks associated with an investment in the Series 2019 Bonds are discussed under "RISK FACTORS" in this Limited Offering Memorandum. Other risks may exist which are not discussed within "RISK FACTORS".

Miscellaneous

This Limited Offering Memorandum (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Pledge and Assignment, the Pledge and Security Agreement, the Mortgage, the Assignment of Mortgage, the Assignment of Leases and Rents, the Assignment of Assignment of Leases and Rents, the Continuing Disclosure Agreement, the Issuer, the Project, the College, the Prior Indebtedness, and the Series 2019 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE ISSUER

Section 1411 of the Enabling Act (A) authorizes any county to cause a not-for-profit local development corporation to be incorporated by public officers for, among other things, the public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, and lessening the burdens of government and acting in the public interest, (B) declares that in carrying out the aforesaid purposes and in exercising the powers conferred in the Enabling Act, such corporations will be performing essential governmental functions, and (C) authorizes each such corporation to acquire real and personal property, to borrow money and issue negotiable bonds, notes and other obligations therefore, and to lease, sell, mortgage or otherwise dispose of or encumber any of its real or personal property upon such terms as it may determine and otherwise carry out its corporate purposes in the territory in which the operations of such corporation are principally to be conducted.

Pursuant to the provisions of the Enabling Act and Revenue Ruling 57-187 and Private Letter Ruling 200936012, the Board of Supervisors (the "Board") of Madison County, New York (the "County") adopted a resolution on July 14, 2009 (A) authorizing the incorporation of the Issuer under the Enabling Act and (B) appointing the initial members of the board of directors of the Issuer, who serve at the pleasure of the Board. On August 28, 2009, a certificate of incorporation was filed with the New York Secretary of State's Office (the "Certificate of Incorporation") creating the Issuer as a public instrumentality of the County.

As provided in the Enabling Act, the Issuer is authorized and empowered to undertake the Project and to make the Loan to the College pursuant to the Loan Agreement; to issue, execute and deliver the Bonds; to secure the Bonds by a pledge of the moneys payable by the College under the Loan Agreement;

and to execute and deliver the Indenture, the Loan Agreement, the Pledge and Assignment, the Assignment of Mortgage and the Assignment of Assignment of Leases and Rents.

By a resolution adopted on May 30, 2019, the Issuer approved the scheduling of public hearings relating to the issuance of the Bonds. On June 19, 2019, the Issuer held a public hearing, in compliance with the provisions of Section 147(f) of the Code and, as provided in the Certificate of Incorporation, with respect to the issuance of the Series 2019 Bonds, following the timely publication of notice of the hearing. By a resolution adopted by the Issuer on July 2, 2019, the Issuer approved the execution, issuance and delivery of the Series 2019 Bonds and the execution and delivery of the Indenture, the Loan Agreement and the Pledge and Assignment.

The County is the sole member of the Issuer. Pursuant to the Certificate of Incorporation, the members of the board of directors of the Issuer are appointed by resolution of the Board from among the members of the Madison County Industrial Development Agency. The Board has appointed the current seven members of the Madison County Industrial Development Agency to serve as the board of directors of the Issuer. The current seven directors of the Issuer are all residents of the County.

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE THEREBY SOLELY OUT OF CERTAIN FUNDS PLEDGED THEREFOR. NOTHING IN THE SERIES 2019 BONDS, THE INDENTURE OR THE LOAN AGREEMENT SHALL BE CONSIDERED AS PLEDGING OR COMMITING ANY OTHER FUNDS OR ASSETS OF THE ISSUER TO THE PAYMENT OF THE BONDS OR THE SATISFACTION OF ANY OTHER OBLIGATION OF THE ISSUER UNDER THE BONDS, THE INDENTURE OR THE LOAN AGREEMENT. NEITHER THE ISSUER NOR ITS MEMBERS, DIRECTORS, OFFICERS, AGENTS (OTHER THAN THE COLLEGE), SERVANTS OR EMPLOYEES, NOR ANY PERSON EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY WITH RESPECT TO THE SERIES 2019 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. ACCORDINGLY, NO FINANCIAL INFORMATION REGARDING THE ISSUER OR ITS MEMBERS, DIRECTORS OR OFFICERS HAS BEEN INCLUDED HEREIN.

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

THE COLLEGE

The College is a not-for-profit education corporation organized and existing under the laws of the State and an organization described in Section 501(c)(3) of the Code. Founded in 1824, the College is a private, co-educational institution of higher learning located in Central New York and offering graduate and bachelor's degree programs in the liberal arts and professional studies. The College served approximately 707 full-time undergraduate students for the 2018-19 school year as of Fall 2018, and management of the College expects to serve approximately 725 full-time undergraduate students and approximately 10-12 graduate students for the 2019-20 school year. See APPENDIX A – "CAZENOVIA COLLEGE" in this Limited Offering Memorandum.

THE PROJECT AND PLAN OF FINANCE

The proceeds of the Series 2019 Bonds will be used to fund a loan (the "Loan") to the College to (A) refinance existing indebtedness of the College consisting of the Liquidity Access Line payable by the College (the "Prior Indebtedness"), the proceeds of which were used to refinance certain prior indebtedness of the College incurred to finance and/or refinance the acquisition, construction, renovation, furnishing and equipping of various College facilities on the College's main campus (the "Campus") and the College's campus housing the Equine Education Center (the "Equine Campus"), each located in the Village and/or Town of Cazenovia, Madison County, New York (the "Prior Facility"); (B) finance certain capital improvements to existing facilities located on the Campus consisting of the acquisition and installation of replacement HVAC systems and electrical distribution panels in Hubbard Hall, Eddy Hall, Coleman Hall and Williams Hall and the renovation and repair of other academic, residential, student life, administrative and athletic facilities located on the Campus (collectively, the "Series 2019 Facility") and the acquisition and installation thereon and therein of various machinery and equipment (the "Series 2019 Equipment" and together with the Series 2019 Facility and the Prior Facility collectively referred to hereinafter as the "Project Facility"), all of the foregoing to constitute an educational facility and other directly and indirectly related activities for use by the College; (C) finance certain working capital costs of the College; (D) fund a debt service reserve fund for the Series 2019 Bonds; (E) pay interest on the Series 2019 Bonds from the Funded Interest Fund established under the Indenture; and (F) pay all or a portion of the costs of issuance of the Series 2019 Bonds (collectively, the "Project").

All of the Prior Indebtedness will be paid in full on the date of issuance of the Series 2019 Bonds.

THE SERIES 2019 BONDS

Interest; Maturity; Payment

The Series 2019A Bonds will be issued in the original aggregate principal amount of $14,740,000, and the Series 2019B Bonds will be issued in the original aggregate principal amount of $10,180,000. The Series 2019 Bonds shall be dated the Closing Date and shall bear interest from their dated date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, all as set forth on the inside front cover hereof. Interest on the Series 2019 Bonds will be payable semi-annually on March 1 and September 1 (each an "Interest Payment Date") of each year, commencing on March 1, 2020. Interest on the Series 2019 Bonds will be calculated on the basis of a 360-day year with twelve months of thirty days.

The Series 2019 Bonds will be issued in the form of fully registered bonds without coupons in Authorized Denominations. The principal of, interest on, and Redemption Price of, the Series 2019 Bonds will be payable when due by wire of the Trustee to The Depository Trust Company ("DTC"), which will in turn remit such principal, interest and Redemption Price to Participants, which Participants will in turn remit such principal, interest and Redemption Price to the Beneficial Owners of the Series 2019 Bonds as described in this Limited Offering Memorandum. See APPENDIX F – "BOOK–ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

In the event the Series 2019 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, and the Redemption Price of the Series 2019 Bonds will be payable by check or draft or wire transfer to the persons in whose names such Series 2019 Bonds are registered on the registration books maintained by the Trustee at the maturity or redemption thereof, or with respect to any payment in full of any Series 2019 Bond either at final maturity or upon redemption in whole, only at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 2019 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2019 Bond as shown on the bond registration books of the Trustee at the close of business on the regular Record Date for such interest, by check or draft mailed to such registered owner at his address as it appears on the bond registration books, or at the written request by any registered owner of Series 2019 Bonds in the aggregate principal amount of at least $1,000,000 shall be dated the Closing Date and shall bear interest from their dated date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, by electronic transfer, as described in the Indenture.

Interest on any Series 2019 Bond that is due and payable but not paid on the date due ("Defaulted Interest") will cease to be payable to the owner of such Series 2019 Bond on the relevant regular Record Date and will be payable to the owner in whose name such Series 2019 Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date will be fixed as provided in the Indenture.

The Series 2019 Bonds will mature on September 1, 2022, at which time the outstanding principal amount of the Series 2019 Bonds and all accrued interest on such outstanding principal amount will be due and payable.

Redemption of Series 2019 Bonds

General Optional Redemption. The Series 2019 Bonds are subject to redemption on or after June 1, 2022, at the option of the College by exercise of its right to prepay the Loan Payments payable under the Loan Agreement, as a whole at any time, in denominations of $25,000 or any integral multiple of $5,000 in excess thereof, at a Redemption Price equal to 100% of the principal amount to be redeemed applicable to such date, plus accrued interest to the Redemption Date.

Extraordinary Mandatory Redemption. The Series 2019 Bonds are subject to redemption prior to maturity (1) as a whole, without premium, in the event of (a) a taking in Condemnation of, or failure of title to, all or substantially all of the Project Facility, (b) damage to or destruction of part or all of the Project Facility and election by the College to redeem the Series 2019 Bonds, or (c) a taking in Condemnation of part of the Project Facility and election by the College to redeem the Series 2019 Bonds, or (2) as a whole, without premium, in the event that (a) the Loan Agreement will have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as a result of any change in the United States Constitution or legislative or administrative action (whether state or federal), or by final decree or judgment of any court or administrative body, or (b) the Authorized Representative of the College certifies that unreasonable burdens or excessive liabilities have been imposed on the College or its property, including, without limitation, taxes not being imposed on the date of the Loan Agreement, (3) in part, without premium, in the event that (a) excess moneys remain in the Insurance and Condemnation Fund following damage or condemnation of a portion of the Project Facility and completion of the repair, rebuilding or restoration of the Project Facility and, pursuant to the Indenture, such excess moneys are not paid to the College, (b) excess moneys remain in the related account of the Project Fund on the Completion Date or (c) excess proceeds of recoveries from contractors are applied to redeem Bonds pursuant to the Loan Agreement, or (4) with respect to the Series 2019A Bonds, upon the occurrence of an Event of Taxability. In any such event, the Series 2019 Bonds will be redeemed, as a whole or in part, at such time as the Trustee determines, at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

Notice of Redemption. Notice of the intended redemption of each Series 2019 Bond subject to redemption will be given by the Trustee one time by first class mail postage prepaid to the registered

Owner of such Series 2019 Bond at the address of such Owner shown on the bond register maintained by the Trustee as Bond Registrar. All such redemption notices will be given not less than thirty (30) days prior nor more than sixty (60) days prior to the date fixed for redemption. A follow-up notice will be given by the Trustee by registered or certified mail to each registered Owner who has not submitted a Series 2019 Bond subject to redemption within ninety (90) to one hundred twenty (120) days following the Redemption Date. Each notice will specify the Redemption Price, the principal amount of the Series 2019 Bonds to be redeemed, the numbers of the Series 2019 Bonds to be redeemed if less than all of the Series 2019 Bonds are to be redeemed, the Redemption Date and the place or places where amounts due upon such redemption will be payable. Such notice will further state that payment of the applicable Redemption Price plus accrued interest to the Redemption Date will be made upon presentation and surrender of the Series 2019 Bonds or portions thereof to be redeemed; that upon presentation and surrender to the Trustee of any Series 2019 Bond being redeemed in part, a new Series 2019 Bond in the principal amount of the unredeemed portion of such Series 2019 Bond will be issued; and that the Series 2019 Bonds or portions thereof so called for redemption will be deemed redeemed and will cease to bear interest on the specified Redemption Date, provided that moneys for their redemption have been duly deposited in the Bond Fund and/or the Funded Interest Fund (as the case may be); and, except for the purpose of payment, that such Series 2019 Bonds will no longer be protected by the Indenture. The failure to give any such notice, or any defect therein, will not affect the validity of any proceeding for the redemption of any Series 2019 Bond with respect to which no such failure to give notice, or defect therein, has occurred.

Notwithstanding any other provision of the Indenture, any notice of redemption given with respect to a Book Entry Bond will comply with the requirements for notice contained in the Depository Letter from the Issuer to the Depository relating to such Book Entry Bond.

If at the time of mailing of notice of any optional redemption in connection with a refunding of the Series 2019 Bonds the College shall not have deposited with the Trustee moneys sufficient to redeem all the Series 2019 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the proceeds of refunding bonds or notes with the Trustee not later than the redemption date, and such notice and such optional redemption shall be of no effect unless such moneys are so deposited.

Notice of any redemption under the Indenture with respect to Series 2019 Bonds held under a book entry system shall be given by the Bond Registrar or the Trustee only to the Depository, or its nominee, as the Holder of such Series 2019 Bonds. Selection of book entry interests in the Series 2019 Bonds called for redemption is the responsibility of the Depository and any failure of any Direct Participant, Indirect Participant or Beneficial Owner to receive such notice and its contents or effect will not affect the validity of such notice or any proceedings for the redemption of such Series 2019 Bonds.

Payment of Redeemed Series 2019 Bonds. After notice will have been given in the manner provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the Redemption Date so designated. Upon presentation and surrender of such Bonds at the Office of the Trustee, such Bonds shall be paid at the Redemption Price for such Bonds, plus accrued interest (if any) to the Redemption Date. If there shall be selected for redemption less than all of a Bond, the Issuer shall, upon the surrender of such Bond and with no charge to the Owner thereof, (1) pay the Redemption Price of the principal amount thereof called for redemption, and (2) cause the Trustee to authenticate and deliver for the unredeemed balance of the principal amount of such Bond so surrendered a fully registered Bond of like maturity in any of the Authorized Denominations.

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

Method of Selecting Series 2019 Bonds. In the event of any partial redemption, the particular Series 2019 Bonds or portions thereof to be redeemed shall be selected by the Trustee not more than sixty (60) days prior to the redemption date from maturities designated in writing by the College, and within each maturity by lot or by such other such method as the Trustee shall deem fair and appropriate. Further, the Trustee may provide for the redemption of portions (equal to $25,000 or any integral multiple of $5,000 in excess thereof) of Outstanding Bonds. In no event shall the principal amount of Bonds subject to any partial redemption be other than $25,000 or any integral multiple of $5,000 in excess thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

General

Under the Loan Agreement, the Issuer agrees to issue the Series 2019 Bonds and to lend the proceeds thereof to the College to finance the Project, and the College is obligated unconditionally to repay the Loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, Redemption Price of, and interest on the Series 2019 Bonds when due (whether by maturity, acceleration or otherwise) and to perform certain other obligations set forth therein. Among other things, the College will covenant not to sell, transfer or lease any Mortgaged Property, or grant any liens (other than the lien effected by the Loan Agreement and Permitted Encumbrances) on all or any portion of the Mortgaged Property or its Gross Revenues. The obligation of the College to make Loan Payments under the Loan Agreement sufficient to pay Debt Service Payments on the Series 2019 Bonds is an absolute and unconditional obligation of the College. See APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS" in this Limited Offering Memorandum.

Pursuant to the terms of the Pledge and Security Agreement, the College will pledge, assign, and grant the Trustee a security interest in the Gross Revenues in order to secure the payment of the Series 2019 Bonds.

Pursuant to the terms of the Mortgage, the College will grant to the Issuer and the Trustee a mortgage lien on and a security interest in the Mortgaged Property, subject to Permitted Encumbrances, which Mortgage will be assigned by the Issuer to the Trustee pursuant to the terms of the Assignment of Mortgage.

The Mortgaged Property includes, but is not limited to, approximately 271 acres of land split between two campuses approximately three miles apart (the "Mortgaged Land") and approximately 505,000 total square feet of building space thereon with structures, improvements, fixtures, and appurtenances, as well as certain easements, rights-of-way, gores of land, streets and ways comprising substantially all of the Campus and the Equine Campus, together with all equipment, furniture, and fixtures now or hereafter attached to, contained in, or used in connection with the Mortgaged Land. See APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS" for a complete detailed description of the Mortgaged Property.

Pursuant to the Loan Agreement, on the Closing Date, the College shall deliver to the Trustee a binding commitment to issue a lender's title insurance policy in an amount equal to the aggregate principal amount of the Series 2019 Bonds (the "Closing Policy"), which will contain (i) a statement in Schedule B of the Closing Policy (the "Exception Statement") that the Closing Policy does not insure title to, or the priority of the Mortgage on, the Excluded Parcels (as defined below), and (ii) an exception for any state of facts an updated survey of the Mortgaged Property would show (a "Survey Exception"). The "Excluded Parcels" shall mean all of the Mortgaged Property other than (1) Shove Hall, (2) Shove Suites, (3) Park Hall, (4) the Campus Center at Watts Hall, (5) Stephen M. Schneeweiss Athletic Complex, (6) Christakos Field, (7) Clark Tennis Courts, (8) Reisman Hall and (9) Equine Education Center.

By the Replacement Policy Deadline, the College is required to deliver to the Trustee a binding commitment to issue a lender's title insurance policy in an amount equal to the aggregate principal amount of the Series 2019 Bonds (the "Replacement Policy"), in lieu of and as a replacement for the Closing Policy, which shall ensure that the Trustee has a valid first lien on the Mortgaged Property, subject only to Permitted Encumbrances and removing the Exception Statement and the Survey Exception.

See "RISK FACTORS – Risks Related to Title Insurance."

The liens and security interests created by the Indenture, the Pledge and Security Agreement, the Pledge and Assignment, and the Mortgage are for the equal and ratable benefit of the owners of the Series 2019 Bonds. See APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS" in this Limited Offering Memorandum. The Loan Agreement contains the general liability insurance and property insurance requirements for the College. See "RISK FACTORS" in this Limited Offering Memorandum for a discussion of certain limitations on the enforceability of the security for the Series 2019 Bonds.

"Gross Revenues" means, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the College, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, determined in accordance with generally accepted accounting principles, consistently applied, including but not limited to aid received by the College pursuant to federal or State law, requirements, grants or other programs, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the College; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law, including, without limitation (other than limitations imposed by law, or by donor or grantor restrictions on the use of gifts or grants, and the earnings thereon, to a specific object or purpose inconsistent with the use thereof for the payment of debt service on the Series 2019 Bonds or for general operating expenses): (a) Accounts, (b) Chattel Paper (whether tangible or electronic), (c) Commercial Tort Claims, (d) Deposit Accounts, (e) Documents, (f) General Intangibles (including payment intangibles), (g) Instruments (including promissory notes), (h) Investment Property (including all securities), (i) Letter-of-Credit Rights (whether or not the Letter of Credit is evidenced by a writing), (j) Money (including contract rights or rights to the payment of money), and (k) Supporting Obligations, as such terms are defined in the Uniform Commercial Code, as the same may from time to time be in effect in the State, (the "Commercial Code").

On the Maturity Date, all of the Maturity Price will be due and payable. Other than amounts on deposit in the Reserve Fund, the sole source of payment of the Maturity Price on the Maturity Date is expected to be the proceeds of the Refunding Debt. **IF THE REFUNDING DEBT IS NOT ISSUED ON OR PRIOR TO THE MATURITY DATE, THE COLLEGE IS NOT EXPECTED TO HAVE SUFFICIENT FUNDS TO REPAY THE SERIES 2019 BONDS ON THE MATURITY DATE.** Should the College be unable to repay the Series 2019 Bonds on the Maturity Date, the Trustee acting on behalf of Bondholders may seek to enforce its security interest and lien, as applicable, in and against the Gross Revenues and Mortgaged Property. See "RISK FACTORS – Potential Effects of Bankruptcy," " – Value of Property May Fluctuate; Limitation on Appraisals," " – Risks Related to Title Insurance," and " – Special Purpose Buildings."

Special Limited Obligations

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY WILL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2019 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2019 BONDS. THE SERIES 2019 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2019 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2019 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Covenants of the College; Additional Indebtedness

Cash on Hand Covenant

Pursuant to the terms of the Loan Agreement, the College covenants to maintain unrestricted Cash on Hand of at least 120 Days' Cash on Hand, tested as of June 30 and December 31 of each year (each a "Testing Date"), commencing December 31, 2019, until the Series 2019 Bonds are no longer outstanding (the "Cash on Hand Requirement"). The College will provide to the Trustee not later than 45 days after each Testing Date a certificate of an Authorized Representative of the College stating whether as of the applicable Testing Date the Cash on Hand Requirement is satisfied and the amount of Cash on Hand having met the Cash on Hand Requirement.

If the Cash on Hand for any testing date is less than the Cash on Hand Requirement, then the College shall retain an Independent Consultant within forty-five (45) days following the related reporting date at the College's expense. Such Independent Consultant shall submit a written report and make recommendations within 45 days of being retained (a copy of such report and recommendations shall be filed with the Trustee) with respect to increasing Gross Revenues and decreasing Operating Expenses, the methods of operation of the College, and other factors affecting the financial condition of the College which are relevant to increasing Days Cash on Hand to at least the required level. The College agrees that promptly on the receipt of such recommendation, subject to applicable requirements or restrictions imposed by law, it shall revise its methods of operation and take such other actions to comply with any reasonable recommendation of the Independent Consultant identified in the report of the Independent Consultant. So long as the College shall retain an Independent Consultant and complies with such Independent Consultant's recommendations, no Event of Default shall be declared solely by reason of a violation of the Cash on Hand Covenant.

Financial and Operational Reporting

In addition to the reporting required under the Continuing Disclosure Agreement, pursuant to the terms of the Loan Agreement, the College covenants and agrees that it will have its books and records audited annually, commencing with the Fiscal Year ending June 30, 2019, by Qualified Accountants as soon as practicable after the close of each Fiscal Year. The College agrees that it will furnish to the Trustee, and the Issuer on the request by the Issuer, (i) within 150 days after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2019, the financial statements of the College, including its balance sheet, statement of revenue, expenses, and changes in fund balance (deficit), and statement of cash flow, for the year then ended in comparative form for the preceding Fiscal Year, which financial statements audited by Qualified Accountants, (ii) within 45 days after each June 30 and December 31, commencing December 31, 2019, management of the College ("Management") prepared financial statements, (iii) enrollment levels as of each March 15 and October 15, commencing October 15, 2019, (iv) at least 30 days prior to the start of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2020, the annual budget for the College, and (v) annual insurance certificate of the College demonstrating compliance with requirements of the Loan Agreement; provided, however, that all or some of such requirements may be satisfied by the College's compliance with the financial statement delivery requirements of the Continuing Disclosure Agreement.

Additional Indebtedness

The Loan Agreement limits the Indebtedness that the College can incur.

Long-Term Indebtedness. The College may issue additional Long-Term Indebtedness secured solely by the asset being purchased or refinanced with the proceeds of such Long-Term Indebtedness, provided that the total amount of such Long-Term Indebtedness outstanding at any one time shall not be more than $500,000.

Refunding Indebtedness. The College may issue Refunding Indebtedness so long as the College certifies, in writing, to the Trustee that Maximum Annual Debt Service will not be increased by more than 10% by such refunding.

Short-Term Indebtedness and Other Indebtedness. The College may issue Short-Term Indebtedness and enter into one or more Lines of Credit, so long as the aggregate amount of such Short-Term Indebtedness and Lines of Credit outstanding at any one time shall not be more than $1,000,000. In addition, the College may incur Indebtedness in the form of leases required to be capitalized in accordance with Generally Accepted Accounting Principles in effect prior to the adoption of FASB Accounting Standards Update No. 2016-02 so long as the aggregate principal amount of such leases outstanding at any one time does not exceed $1,000,000.

Other than the Additional Indebtedness referenced above, the College may not incur any Indebtedness, including Long-Term Indebtedness or Short-Term Indebtedness, without the consent of the Registered Owners of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding.

In connection with the College's incurrence of parity Additional Indebtedness permitted pursuant to the Indenture, which is not in the form of Additional Bonds, the College shall enter into a Parity Agreement with a Parity Trustee and a Custodian.

(1) The Custodian will (a) hold all sums held by it for the payment of principal of (and premium, if any) or interest or any other amounts on the Bonds and the parity Indebtedness in trust for the benefit of the Trustee and the Parity Trustee until such sums shall be paid to such entities or otherwise disposed of as therein provided; and (b) give the Trustee notice of any default by the College in the making of any such payment of principal (and premium, if any) or interest or any other amounts.

(2) Any Gross Revenues collected by the Custodian under the Parity Agreement and any proceeds of any sale of the Mortgaged Property, whether made under any power of sale granted under the Mortgage or pursuant to judicial proceedings, together with, in the case of an entry or sale as otherwise provided herein, any other sums then held by the Custodian under the Parity Agreement, shall be applied to the payment of the Bonds and the other parity Indebtedness in a pro rata fashion based on then Outstanding principal amount of the Bonds and the then outstanding principal amount of Parity Indebtedness.

(3) No holder of any Parity Indebtedness shall have any right to institute any proceeding, judicial or otherwise, with respect to the documents related to such parity Indebtedness, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

(A) such holder has previously given written notice to the Trustee of a continuing event of default; and

(B) the Owners of not less than fifty-one percent (51%) in principal amount of all parity Indebtedness Outstanding shall have made written request to institute proceedings in respect of such event of default;

it being understood and intended that no one or more holders of any Parity Indebtedness shall have any right in any manner whatever by virtue of, or by availing of, any provision of the documents related to the applicable Parity Indebtedness to affect, disturb or prejudice the rights of any other holder of Parity Indebtedness, or to obtain or to seek to obtain priority or preference over any other holders, or to enforce any right under their respective documents, except in the manner as herein described and for the equal and ratable benefit of all the holders of Parity Indebtedness.

EBITDA Covenant

In the Loan Agreement, the College covenants and agrees that for the Fiscal Year ending June 30, 2020, and for each Fiscal Year ending June 30 thereafter (each, an "EBITDA Measurement Period"), it will have EBITDA equal to at least $400,000 for the EBITDA Measurement Period ending June 30, 2020, at least $1,725,000 for the EBITDA Measurement Period ending June 30, 2021, and at least $3,400,000 for the EBITDA Measurement Period ending June 30, 2022. The College will provide to the Trustee not later than forty-five (45) days after the June 30 ending each EBITDA Measurement Period a certificate in the form attached to the Loan Agreement stating EBITDA for the applicable EBITDA Measurement Period. In the event that EBITDA falls below the requirement set forth above for any EBITDA Measurement Period, the College shall retain an Independent Consultant acceptable to the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding within forty-five (45) days following the related reporting date at the College's expense. Such Independent Consultant shall submit a written report and make recommendations within forty-five (45) days of being retained (a copy of such report and recommendations shall be filed with the Trustee) with respect to increasing Gross Revenues and decreasing Operating Expenses, the methods of operation of the College, and other factors affecting the financial condition of the College which are relevant to increasing EBITDA to at least the required level. In the Loan Agreement, the College agrees that promptly on the receipt of such recommendation, subject to applicable requirements or restrictions imposed by law, it shall revise its methods of operation and take such other actions to comply with any reasonable recommendation of the Independent Consultant identified in the report of the Independent Consultant. So long as the College shall retain an Independent Consultant and complies with such Independent Consultant's recommendations, no Event of Default shall be declared solely by reason of a failure to achieve the required EBITDA for any EBITDA Measurement Period.

For the purposes of the preceding paragraph, "EBITDA" means, with respect to the College, as to any Fiscal Year or such other twelve month period for which such calculation is made, the increase (decrease) in unrestricted net assets, to which shall be added depreciation, amortization and interest and other non-cash expenses deducted from total revenues, all as determined in accordance with accounting principles generally accepted in the United States of America consistently applied.

The Indenture

The Series 2019 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby. As security for the Series 2019 Bonds, the Issuer has pledged and assigned to the Trustee the Trust Estate, which includes, subject to Permitted Encumbrances and except the Unassigned Rights: (i) all right, title and interest of the Issuer in and to the Trust Revenues; (ii) any and all moneys, securities and other investment property from time to time held by the Trustee under the terms of the Indenture, except (A) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of which has been duly given, (B) moneys on deposit in the Rebate Fund, and (C) unclaimed funds held pursuant to the Indenture regarding the non-presentment of Bonds; and (iii) any and all other Property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee.

The Indenture provides that all Series 2019 Bonds issued thereunder will be limited obligations of the Issuer, payable solely from and secured solely by the Trust Estate. Pursuant to the Mortgage, the College will grant a mortgage lien on and security interest in the Mortgaged Property to the Trustee, and the Issuer will assign its interest in the Mortgage to the Trustee. In the Loan Agreement, the College will covenant not to further encumber the Mortgaged Property other than for certain Permitted Encumbrances without the prior written consent of the Issuer and the Trustee. See APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS" in this Limited Offering Memorandum.

Proceeds of the sale of the Series 2019 Bonds on deposit in the Series 2019A Project Account and 2019B Project Account will be disbursed and applied by the Trustee to pay the Costs of the Project pursuant to the Loan Agreement, the Indenture and the Tax Regulatory Agreement.

All scheduled interest payments on the Series 2019 Bonds, other than any interest due on the Maturity Date, will be funded with proceeds of the Series 2019 Bonds deposited in the Funded Interest Fund, consisting of a Series 2019A Capitalized Interest Account and a Series 2019B Funded Interest Account. Funds on deposit in the Series 2019A Capitalized Interest Account will be applied by the

Trustee solely to pay interest on the Series 2019A Bonds allocable to the Series 2019 Facility and the Series 2019 Equipment on any Interest Payment Date occurring during the period commencing on the Closing Date and ending three years thereafter (the "Capitalized Interest Period"). Amounts on deposit in the Series 2019B Funded Interest Account will be applied by the Trustee (i) with respect to the Series 2019A Bonds, and subsequent to all amounts in the Series 2019A Capitalized Interest Account being applied, to pay interest on the Series 2019A Bonds on each Interest Payment Date prior to the Maturity Date and (ii) with respect to the Series 2019B Bonds, to pay interest on the Series 2019B Bonds on each Interest Payment Date prior to the Maturity Date. Pursuant to the Indenture, any amounts on deposit in each account of the Reserve Fund on the Maturity Date will be applied to the principal and/or interest due on the related series of Series 2019 Bonds on the Maturity Date.

Under the Indenture, there will be deposited in the Bond Fund as and when received, all Loan Payments and other amounts required to be paid by the College to the Trustee.

Acceleration

Upon (1) the occurrence of an Event of Default under the Indenture regarding the failure by the Issuer to make due and punctual payment of the interest or premium or Sinking Fund Payments on any Bond, or failure by the Issuer to make due and punctual payment of the principal of any Bond, whether at the Stated Maturity thereof, or upon proceedings for the redemption thereof, or upon the maturity thereof by declaration, the Trustee will, or (2) the occurrence of an Event of Default under the Indenture other than as described in (1) and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, the Trustee will, by notice in writing delivered to the College, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable. Upon any such declaration, the Trustee will immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement. Upon the occurrence of any declaration by the Trustee under the Indenture, the principal of the Bonds then Outstanding and the interest accrued thereon will thereupon become and be immediately due and payable, and interest will continue to accrue thereon until the date of payment. See "RISK FACTORS" and APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS – Events of Default" and "– Remedies on Default" in this Limited Offering Memorandum.

Reserve Fund

On the Closing Date for the Series 2019 Bonds, the Trustee will deposit proceeds of the Series 2019 Bonds in an amount equal to the Reserve Fund Requirement applicable to the Series 2019A Bonds and the Series 2019B Bonds into the Series 2019A Reserve Account and the Series 2019B Reserve Account, respectively. Upon the issuance of any Additional Bonds, the Trustee will deposit an amount equal to the Reserve Fund Requirement relating to such Additional Bonds into the Reserve Fund.

If, on the Business Day preceding any Bond Payment Date, the amount on deposit in the Bond Fund, subsequent to the receipt of all payments pursuant to the Loan Agreement, is not sufficient to pay the Debt Service Payments due on such Bond Payment Date with respect to the Bonds then Outstanding, the Trustee will transfer from the Reserve Fund and deposit into the Bond Fund an amount of money sufficient, when added to the amounts then on deposit in the Bond Fund and available to make the Debt Service Payments coming due on the Bonds on such Bond Payment Date, to enable the Trustee to make all such Debt Service Payments coming due on the Bonds on such Bond Payment Date.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Series 2019 Bonds, the Series 2019 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture, the Mortgage and the other Security Documents may be discharged prior to maturity or redemption of the Series 2019 Bonds. In that case, the Series 2019 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See APPENDIX C – "DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS – Defeasance" in this Limited Offering Memorandum.

Waivers of Default

The Trustee will waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of all the Bonds then Outstanding; provided, however, that there will not be waived (A) any default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein, or upon proceedings for mandatory redemption, or (B) any default in the payment when due of the interest or premium on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the respective rates borne by the Bonds in respect of which such default will have occurred on overdue installments of interest or all arrears of payments of principal when due (whether at the stated maturity thereof or upon proceedings for redemption) as the case may be, will have been paid or provided for, and no such waiver or rescission will extend to any subsequent or other default, or impair any right consequent thereto. The Trustee will not grant any waiver or rescission hereunder unless all ordinary and extraordinary fees and expenses of the Trustee, including, but not limited to, reasonable attorneys' fees, incurred in connection with said default have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default will have been discontinued or abandoned or determined adversely, then, and in every such case, the Issuer, the Trustee and the Bondholders, respectively, will be restored to their former positions and rights under the Indenture.

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SOURCES AND USES OF FUNDS

Following are the estimated sources and uses for funds (excluding investment income) associated with the Project and the issuance of the Series 2019 Bonds:

SOURCES OF FUNDS	SERIES 2019A BONDS	SERIES 2019B BONDS	TOTAL
Par Amount	$14,740,000.00	$10,180,000.00	$24,920,000.00
TOTAL	**$14,740,000.00**	**$10,180,000.00**	**$24,920,000.00**
USES OF FUNDS			
Refinance Prior Indebtedness	$8,300,000.00	$3,400,000.00	$11,700,000.00
Portion of Series 2019 Facility Related to HVAC System	3,100,000.00	-	3,100,000.00
Series 2019 Equipment and Remaining Series 2019 Facility Costs	1,901,141.75	-	1,901,141.75
Working Capital	-	3,100,000.00	3,100,000.00
Capitalized Interest – Series 2019A Bonds	740,608.23	-	740,608.23
Pre-Funded Interest – Series 2019A Bonds	-	1,234,347.05	1,234,347.05
Pre-Funded Interest – Series 2019B Bonds	-	1,525,176.08	1,525,176.08
Reserve Fund	405,350.00	313,035.00	718,385.00
Costs of Issuance[1]	292,900.02	607,441.87	900,341.89
TOTAL	**$14,740,000.00**	**$10,180,000.00**	**$24,920,000.00**

[1] Includes Underwriter's discount, legal fees and expenses, Issuer fee, initial Trustee fees and other miscellaneous fees and expenses associated with the issuance of the Series 2019 Bonds.

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DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2019 Bonds, assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Funds and Accounts established under the Indenture. Interest on the Series 2019 Bonds will be paid on March 1 and September 1 of each year, commencing March 1, 2020. Principal of the Series 2019 Bonds is due on September 1, 2022. Except for indebtedness described in APPENDIX A – "CAZENOVIA COLLEGE – CERTAIN FINANCIAL INFORMATION – Outstanding and Pro Forma Indebtedness" (which indebtedness is not included in the table below), the College will have no other long-term indebtedness outstanding upon issuance of the Series 2019 Bonds and the refinancing of the Prior Indebtedness. Totals may not foot due to rounding.

	Series 2019A Bonds		**Series 2019B Bonds**		
Year End Ending (September 1)	**Principal Amount**	**Interest Amount**	**Principal Amount**	**Interest Amount**	**Total Debt Service**
2020		$758,905.28		$586,071.08	$1,344,976.36
2021		810,700.00		626,070.00	1,436,770.00
2022	$14,740,000.00	810,700.00	$10,180,000.00	626,070.00	26,356,770.00
TOTALS	**$14,740,000.00**	**$2,380,305.28**	**$10,180,000.00**	**$1,838,211.08**	**$29,138,516.36**

RISK FACTORS

Investment in the Series 2019 Bonds involves a high degree of risk. Anyone considering investing in the Series 2019 Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

Suitability of Investment

Purchase of the Series 2019 Bonds involves a high degree of risk, and the Series 2019 Bonds are a speculative investment. Any investor who, because of financial condition, is unable to bear the loss of an investment in the Series 2019 Bonds, or who, because of investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent with an investment in the Series 2019 Bonds, should not purchase the Series 2019 Bonds. The interest rate borne by the Series 2019 Bonds (as compared to prevailing interest rates on more secure bonds such as those that constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of additional risk. Prospective investors should carefully examine this Limited Offering Memorandum, including the Appendices hereto, and their own financial condition, as well as consult their own independent financial advisor, in order to make a judgment as to their ability to bear the economic risk of such an investment, and to determine whether or not the Series 2019 Bonds are an appropriate investment for them.

Nature of Limited Obligations

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY WILL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2019 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2019 BONDS. THE SERIES 2019 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2019 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2019 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Economic and Other Factors

Future economic and other factors may adversely affect the College's revenues and expenses and, consequently, the College's ability to make payments under the Loan Agreement. Among the factors that could have such adverse effects are: decline in the ability of the College and Management to provide education desired and accepted by the population served; general economic factors, including inflation and interest rates; economic developments in the affected service area, including loss of employment; diminishment of the standing of the College in its field; competition from other educational institutions, including public universities and other private colleges and universities in the areas from which the College draws students; the lessened ability of the College to attract and retain qualified professors at salaries that permit payment of debt service and expenses; increased costs associated with technological advances; changes in government regulation of the education industry; future claims for accidents or other torts and the extent of insurance coverage for such claims; and the occurrence of natural disasters.

Other factors that may also adversely affect the operations of the College, although the extent cannot be presently determined, include, among others: (1) changes in demand for higher education in general or for programs offered by the College in particular; (2) a decrease in availability of, or reorganization of and new policies governing, student loan funds or other student financial aid; (3) the need to increase institutional scholarships funded in part or in whole through the College's operating budget; (4) reductions in funding support from donors or other external sources; (5) a decline in research funding, including research funding by the United States government; (6) risks relating to expansions or construction projects undertaken by the College, including risks relating to construction and operation; (7) an increase in the costs of health care benefits, retirement plans or other benefit packages offered by the College to its employees and retirees; (8) a significant decline in the College's investments based on market or other external factors; (9) cost and availability of energy; (10) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (11) an increase in the cost of outstanding variable rate debt or short-term borrowings the College periodically uses to fund operations; (12) risks associated with interest rate hedges, including basis risk, obligations to post collateral or counterparty risk; (13) increased costs and decreased availability of public liability insurance; (14) litigation; (15) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; and (16) natural disasters, which might damage the College's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities.

Maturity Date

On the Maturity Date, all of the Maturity Price will be due and payable. Other than amounts on deposit in the Reserve Fund, the sole source of payment of the Maturity Price on the Maturity Date is expected to be the proceeds of the Refunding Debt. **IF THE REFUNDING DEBT IS NOT ISSUED ON OR PRIOR TO THE MATURITY DATE, THE COLLEGE IS NOT EXPECTED TO HAVE SUFFICIENT FUNDS TO REPAY THE SERIES 2019 BONDS ON THE MATURITY DATE.** Should the College be unable to repay the Series 2019 Bonds on the Maturity Date, the Trustee acting on behalf of Bondholders may seek to enforce its security interest and lien, as applicable, in and against the Gross Revenues and Mortgaged Property. For descriptions of the Pledge and Security Agreement and the Mortgage, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – General," and for a description of certain risks related to the value of the Mortgaged Property and the enforcement of the Mortgage in the event of default, see "RISK FACTORS – Potential Effects of Bankruptcy," " – Value of Property May Fluctuate; Limitation on Appraisals," " – Risks Related to Title Insurance," and " – Special Purpose Buildings."

Reliance on Financial Projections

Payment by the Trustee of principal of and interest on the Series 2019 Bonds is dependent upon receipt of loan payments by the Trustee from the College. The ability of the College to make such loan payments when due is dependent on net operating income of the College.

Management of the College has prepared projections of revenues and expenditures for the fiscal years ending June 30, 2020 through 2022 (the "Projections"), which Projections are included in APPENDIX A hereto. The Projections are based upon historical operation of, and forecasts for, the College and the College's assumptions regarding student enrollment and expenses. **The Projections <u>do not</u> constitute a "Certified Financial Forecast" prepared in accordance with Generally Accepted Accounting Principles**. No assurance can be given that the results described in the Projections will be achieved, or that there has been no change in underlying considerations since the date of this Limited Offering Memorandum. The College does not intend to update the Projections and, accordingly, there are risks inherent in using the Projections in the future as they become outdated. The Projections are only for the years ending June 30, 2020 through 2022 and do not cover the entire period during which the Series 2019 Bonds may be outstanding. The Underwriter has not independently verified the Projections, and makes no representations nor gives any assurances that such Projections, or the assumptions underlying them, are complete or correct.

No representation is made that the Projections will correspond with the results achieved in the future because there is no assurance that actual events will correspond with the assumptions made by the College. For example, the Projections make certain assumptions as to enrollment during the projection period. The College's actual future operations and financial condition may differ from those projected and actual future events and conditions may differ from those assumed by the College. Such differences may be material and adverse. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of changes in demographic trends, insufficient enrollment, or otherwise), and local and general economic conditions.

Factors Associated with Independent Educational Institutions

There are a number of factors affecting post-secondary educational institutions in general, including the College, that could have an adverse effect on the College's financial position and its ability to make the payments required under the Loan Agreement. The ability of the College to realize revenues in amounts sufficient to meet its obligation relating to the Series 2019 Bonds is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The ability of the College to generate future revenues has a direct effect upon the payment of principal of, and premium, if any, and interest on the Series 2019 Bonds. These factors include, but are not limited to, increased costs of compliance with federal or State laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the College's work force with consequent impact on wage scales and operating costs of the College; the inability to attract a sufficient number of students; and disruption of the College's operations by real or perceived threats against the College, its employees or students. The College cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

Trend of Declining Enrollment

As described in APPENDIX A – "CAZENOVIA COLLEGE," the College's total student enrollment has declined in recent years, including the 2013-14, 2014-15, 2015-16, and 2017-18 academic years. Although APPENDIX A describes the College's efforts to increase enrollment and the increase in enrollment in the 2018-19 academic year, and the Projections assume increased enrollment in the next three academic years, there can be no assurance that the trend of declining enrollment will not return and continue in future academic years.

Cazenovia College Equine Education Center

The College houses 70 horses at the Cazenovia College Equine Education Center (the "Equine Center") on approximately 159 acres located on the Equine Campus, approximately three miles from the Campus. As a large specialized facility built in 1999, there are a number of factors related to the Equine Center that could potentially adversely affect the College, including increased operational or maintenance costs, decreased student demand, student injuries, or horse injuries or deaths. In addition, on October 23, 2017, New York became the 48th state to enact an equine activity liability law setting forth certain requirements related to equine activities. There is no guarantee that the State will not in the future expand related requirements or increase the potential liability for the College.

Other Colleges/Competition for Students

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

The College competes for students generally with universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition than the College. Other educational institutions may in the future expand their programs in competitions with programs offered by the College. Increased competition from other educational institutions (including the availability of online courses and programs) or a decrease in the student population interested in pursuing higher education could have a material adverse economic impact on the College. There can be no assurance that the College will attract and retain the number of students that are needed to produce revenues sufficient to pay the debt service on the Series 2019 Bonds.

Financial Aid

Financial aid at the College is designed to keep the College an affordable private university option for those aspiring toward a post-secondary degree and demonstrating a capacity for collegiate success. Student financial aid at the College comes in the form of scholarships, grants, loans, work-study programs and other student employment. There can be no assurance that the amount of federally supported loans or other financial aid or grants from the College will remain stable or increase in the future. If the amount of such loans or other financial aid decreases in the future, there can be no assurance that the College will be able to or will increase the amount of financial aid or grants provided by it. Any reduction in the availability of financial aid or grants would likely affect the College's enrollment. Any significant decrease in enrollment could adversely affect the College's financial position and results of operation. See APPENDIX A – "CAZENOVIA COLLEGE – FINANCIAL AID."

Tuition

A significant portion of the College's operating revenues is provided through tuition, room and board and fees. See APPENDIX A – "CAZENOVIA COLLEGE – TUITION, FEES, ROOM AND BOARD." Future tuition increases could adversely affect enrollment, which could adversely affect the College's financial position and results of operation. Additionally, increases in tuition have not always, and may not in the future, result in increased revenues for the College because the increase in discounts in the form of scholarships and grants that may be necessary to be given to attract qualified students may more than offset the increase in tuition.

Fundraising

The College has raised funds to finance its operations and capital projects from a variety of benefactors. The College's fundraising efforts may be adversely affected by a number of factors, including general economic conditions. There is no assurance that the amount of gifts, grants and bequests received by the College will remain stable or increase in the future. In addition, there is no assurance that pledged gifts will actually be received by the College. See APPENDIX A – "CAZENOVIA COLLEGE – CERTAIN FINANCIAL INFORMATION – Fundraising."

Litigation

Colleges and universities are often the subject of litigation. Educator's professional liability and other actions alleging wrongful conduct and seeking punitive damages often are filed against education providers such as the College. Litigation may also arise from the corporate and business activities of the College, or from employee-related matters. As with educator's professional liability, many of these risks are covered by insurance, but some are not. For example, some business disputes and workers' compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of the College if determined or settled adversely. Although the College maintains insurance policies covering educator's professional and general liability, Management of the College is unable to predict the availability, cost or adequacy of such insurance in the future. Any inability of the College in the future to secure affordable, adequate insurance may expose the College to litigation risks which may adversely affect the College's ability to generate adequate funds to pay debt service on the Series 2019 Bonds.

Reputational Risk

The College is subject to financial and other risks, which risks may differ from those of other private, nonprofit colleges. For example, changes in the reputation of the College; any third-party service providers; affiliates, and/or the College's leadership, faculty or student body, either generally or with respect to certain academic or extra-curricular areas, may affect the College's ability to attract students to projected enrollment levels, and may affect the College's ability to attract quality faculty and staff at competitive salaries. In addition, litigation brought against the College or any of the other parties listed above by parents, civil authorities, students or former or potential employees may have a materially adverse impact on the reputation of the College. There can be no assurance that these or other factors will not adversely affect the College's ability to generate adequate funds from its operation of the College to pay all Loan Payments when due.

Risk of Unionization

No employees of the College currently are unionized. Should teachers or staff of the College become unionized, contractual terms with the unions could adversely affect the operational flexibility of the College and/or increase the College's expense structure, thus adversely impacting the College's ability to meet its obligations under the Loan Agreement.

Taxation of the Series 2019A Bonds

Purchasers of the Series 2019A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property and casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or owning Series 2019A Bonds.

The interest on the Series 2019A Bonds may be includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Series 2019A Bonds for a variety of reasons. The exclusion from gross income is dependent upon, among other things, compliance with certain restrictions regarding investment of bond proceeds and continuing compliance by the College with the Loan Agreement and the Tax Agreement under which enforcement remedies available to the Issuer and the Trustee are limited. See "TAX MATTERS" herein.

If interest on the Series 2019A Bonds becomes includable in gross income for federal income tax purposes, the market for and value of the Series 2019A Bonds could be adversely affected. Moreover, there can be no assurance that the presently advantageous provisions of the Code, or the rules and regulations thereunder, will not be retroactively adversely amended or modified, thereby resulting in the inclusion in gross income of the interest on the Series 2019A Bonds for federal income tax purposes. While no such legislation has been proposed or enacted, there can be no assurance that Congress would not enact legislation applicable to the Series 2019A Bonds or to the College and that the Project Facility would be able to comply with any such future legislation in a manner necessary to maintain the tax-exempt status of the Series 2019A Bonds. The College is required to use best efforts to comply with federal income tax law requirements in order to maintain the tax-exempt status of the Series 2019A Bonds to the extent that any such other requirements are made applicable to the Project Facility. There is no assurance, however, that the College would be able to comply with any such other requirements.

IRS Audits

Internal Revenue Service ("IRS") officials have indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. The Series 2019A Bonds may be, from time to time, subject to audits by the IRS. The College believes that the Series 2019A Bonds properly comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2019A Bonds, as described under the caption "TAX MATTERS" herein, which opinion speaks only as of its date. No ruling with respect to the tax-exempt status of the Series 2019A Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Series 2019A Bonds will not adversely affect the tax status of the Series 2019A Bonds.

Loss of Tax-Exempt Status

The College represents that it is a tax-exempt organization described in Section 501(c)(3) of the Code and is exempt from taxation under Section 501(a) of the Code. As a tax-exempt, charitable organization, the College and its operations are subject to various requirements specified by the Code and the regulations promulgated thereunder. The College must comply with those requirements in order to maintain its tax-exempt status. The College may be audited by the IRS. Although the College represents that it believes it is in compliance with applicable tax laws, an IRS audit of the College ultimately could affect its tax-exempt status. Loss of tax-exempt status by the College could result in a change in the College's status under State law, including changes that could adversely affect the College's ability to operate the College or to do so on the terms described herein, or could result in loss of tax exemption for federal income tax purposes of interest on the Series 2019A Bonds, possibly from their date of issuance.

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). The College currently reports UBTI relating to certain activities. The College believes it is properly accounting for and reporting UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect its tax-exempt status.

Legislation adopted by Congress in 1996 provides the IRS with an "intermediate" sanctions system of federal excise taxes to address violations by tax-exempt organizations of the private inurement prohibition of the Code. Before this "intermediate sanctions law," the IRS could punish such violations only through revocation of an entity's tax-exempt status. Intermediate sanctions may be imposed where there is an "excess benefit transaction," defined to include a disqualified person (i.e., an insider) (i) engaging in a non-fair market value transaction with the tax-exempt organization, (ii) receiving unreasonable compensation from the tax-exempt organization, or (iii) receiving payment in an arrangement that violates the private inurement proscription. Intermediate sanctions may be imposed by the IRS either in lieu of or in addition to revocation of exemption. The legislation is potentially favorable to taxpayers in that it provides the IRS with a punitive option short of exemption revocation to deal with incidents of private inurement. However, the standards for tax exemption have not been changed and the IRS still has the authority to revoke tax-exempt status in appropriate circumstances.

Risks Related to Tax Reform

On December 22, 2017, the Tax Cuts and Jobs Act ("H.R. 1") was enacted into law. H.R. 1, among other things, reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the alternative minimum tax on corporations, and eliminated advance refundings of tax-exempt bonds. Although H.R. 1 retained previously existing law applicable to private activity bonds like the Series 2019A Bonds, H.R. 1 may affect the market value of the Series 2019 Bonds, and the ability of holders of the Series 2019 Bonds to sell their Series 2019 Bonds in the secondary market.

In addition, from time to time there are legislative proposals in the U.S. Congress and the State Legislature that, if enacted, could alter or amend the federal and State income tax matters with respect to the Series 2019 Bonds, adversely affect the market value or liquidity of the Series 2019 Bonds, or impact the College's income tax status. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment or the status of tax exempt entities. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or liquidity of the Series 2019 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular lawsuit will be resolved, or whether the Series 2019 Bonds or the market value or liquidity thereof would be impacted thereby. Purchasers of the Series 2019 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Purchasers of the Series 2019 Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively affect such investors' federal, state or local tax liability. In all such events, the market value of the Series 2019 Bonds may be impacted and the ability of holders to sell the Series 2019 Bonds in the secondary market may be reduced.

Incurrence of Additional Indebtedness

The Loan Agreement permits the College to incur additional indebtedness upon compliance with the provisions thereof. The incurrence of such additional indebtedness could increase the economic burden on the College and thereby adversely affect the ability of the College to pay debt service on the Series 2019 Bonds.

Legal Opinions

The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, such opinions will be qualified as to the enforceability of the various legal instruments by, among others, limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

Potential Effects of Bankruptcy

Bankruptcy or other insolvency or similar proceedings affecting the College may delay and otherwise adversely affect the enforcement of rights in the property granted as security for the obligations related to Series 2019 Bonds, including those granted by the Indenture, the Loan Agreement, and the Mortgage. For example, if the College became a debtor in bankruptcy proceedings under Federal bankruptcy law, those proceedings would stay any proceeding to foreclose the lien of the Mortgage pending further order of the bankruptcy court, and could affect the Trustee's ability to obtain direct payments pursuant to the Loan Agreement. If the College's obligations in connection with the Series 2019 Bonds exceeded the value of the collateral security for the obligations, then in Federal bankruptcy proceedings, the recovery for the Series 2019 Bondholders might be limited to the value of that collateral. In such a bankruptcy proceeding, a reorganization plan containing provisions, for example, backloading loan or bond payment amounts on the Series 2019 Bonds, could be confirmed and become effective even if the plan were not supported by some or all of the holders of the Series 2019 Bonds. Each of the legal opinions delivered in connection with the issuance of the Series 2019 Bonds will be qualified as to the effect of state and federal laws, rulings and decisions, including bankruptcy laws, affecting remedies and affecting the enforceability of remedies, creditors' rights generally, and the documents described herein.

Enforcement of Remedies

The remedies available to the Trustee or the Bondholders of the Series 2019 Bonds upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited.

Failure to Provide Ongoing Disclosure

The College will execute a Continuing Disclosure Agreement in connection with the issuance of the Series 2019 Bonds. Failure to comply with the Continuing Disclosure Agreement in the future may adversely affect the liquidity of the affected Series 2019 Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE" and APPENDIX E – "SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT."

No Rating

The Series 2019 Bonds are not rated by a nationally recognized rating agency. Neither the Issuer nor the College requested or applied for a rating on the Series 2019 Bonds from any rating service. Typically, unrated bonds lack liquidity in the secondary market. Because of the lack of credit rating, Bondholders may not be able to sell their Series 2019 Bonds in the secondary market.

Secondary Market

The Series 2019 Bonds may experience price fluctuations due to changes in interest rates and yield levels. As a result, the value of the Series 2019 Bonds may fluctuate significantly in the short-term. Further, such securities generally have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2019 Bonds quickly in certain markets or market conditions. There is no guarantee that a secondary trading market will develop for the Series 2019 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2019 Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Series 2019 Bonds.

Risk of Early Redemption

The Series 2019 Bonds are subject to early redemption upon the occurrence of certain events. See "THE SERIES 2019 BONDS – Redemption of Series 2019 Bonds." Any person who purchases a Series

2019 Bond should consider the fact that the redemption price for the redeemed Series 2019 Bonds may be more or less than the market price of the Series 2019 Bonds at such time.

Value of Property May Fluctuate; Limitation on Appraisals

Integra Realty Resources (the "Appraiser") performed an appraisal of the real estate portion of the Mortgaged Property and prepared its Appraisal Report – Standard Format dated July 3, 2019, with a valuation date of June 6, 2019 (the "Appraisal Report"). The Appraisal Report states that the market value of a fee simple interest in the real estate portion of the Mortgaged Property was $24,000,000 as of June 6, 2019. See APPENDIX A – "CAZENOVIA COLLEGE – CAMPUS FACILITIES."

An appraisal represents only the opinion of the appraiser and only as of its date. There may be a difference between the actual value of the Mortgaged Property and the amount of the Series 2019 Bonds, and that difference may be material and adverse to Bondholders. In particular, it cannot presently be determined with certainty what the value of the Mortgaged Property would be in the event of foreclosure under the Mortgage, especially in light of the fact that the Mortgaged Property is improved specifically for use as an independent college. Further, the value of the Mortgaged Property at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the Series 2019 Bond transaction. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated with the Mortgaged Property to suggest that its value would remain stable or would not decrease if the general values of property in the College's service area were to decline.

Risks Related to Title Insurance

As described herein under the heading "INTRODUCTORY STATEMENT – Loan of Series 2019 Bond Proceeds; Mortgage and Other Security" and under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – General," on the Closing Date, the College shall deliver to the Trustee a binding commitment for the Closing Policy, which will contain the Exception Statement and a Survey Exception.

By the Replacement Policy Deadline, the College is required to deliver to the Trustee a binding commitment for the Replacement Policy, in lieu of and as a replacement for the Closing Policy, which shall ensure that the Trustee has a valid first lien on the Mortgaged Property, subject only to Permitted Encumbrances and removing the Exception Statement and the Survey Exception.

There can be no assurance that a binding commitment for the Replacement Policy will be capable of delivery subject only to Permitted Encumbrances, nor can there be any assurance that the binding commitment for the Replacement Policy will be capable of delivery by the Replacement Policy Deadline. In such event, there will be no mortgage title insurance policy ensuring that the Trustee has a valid first lien on the portion of the Mortgaged Property constituting the Excluded Parcels.

The Closing Policy will contain a Survey Exception, meaning that the Closing Policy will include an exception for any state of facts an updated survey of the Mortgaged Property would show. No surveys of any of the Mortgaged Property have been obtained to date in connection with the issuance of the Series 2019 Bonds. Accordingly, there can be no assurance (and the Closing Policy will not insure) that there are not material exceptions to title to the Mortgaged Property that would have been reflected on any surveys. Surveys of the Mortgaged Property will be obtained in connection with the delivery of the Replacement Policy, which Replacement Policy is not permitted to include a Survey Exception.

No Environmental Reports

The Mortgaged Property and any other properties the College may acquire and lease or own are and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Mortgaged Property or such other properties, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Mortgaged Property or such other properties. Costs incurred with respect to environmental remediation or liability could adversely affect the College's financial condition and its ability to generate revenues sufficient to make payments under the Loan Agreement representing debt service on the Series 2019 Bonds. Excessive costs in connection with any such environmental remediation or any such liability to third parties could also make it difficult to successfully sell or lease the Mortgaged Property.

The College has not ordered a Phase I environmental site assessment of the Mortgaged Property, and there can be no assurance that such an environmental site assessment had been ordered, it would not have identified any recognized environmental conditions ("RECs"), controlled RECs, historical RECs, or other items of environmental concern. In the event environmental enforcement actions are initiated, the College could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Mortgaged Property. Such obligations could adversely affect the College's budget and cash flow and could adversely affect the College's ability to generate revenues sufficient to make payments under the Loan Agreement representing debt service on the Series 2019 Bonds. In addition, under certain environmental statutes, in the event an enforcement action is initiated, a lien could be attached to the Mortgaged Property, or a portion thereof. In the event of a foreclosure on the Mortgage, the College may be held liable for costs and other liabilities relating to Hazardous Materials, if any, on the site of the Mortgaged Property, or any portion thereof, on a strict-liability basis, and such costs might exceed the value of such property. See APPENDIX A – "CAZENOVIA COLLEGE – CAMPUS FACILITIES."

Special Purpose Buildings

The Mortgaged Property will not consist of general purpose buildings and may not be suitable for industrial or commercial use. If it were necessary to foreclose a judgment lien on the Mortgaged Property under "forced sale conditions" that are present in a foreclosure, it may be difficult to find a purchaser willing to occupy the Mortgaged Property, or the property may provide less than full value to the Trustee. There can be no assurance that foreclosure sale proceeds will be sufficient to pay the amounts then outstanding on the Series 2019 Bonds.

No Credit Enhancement Facility

There is no letter of credit, bond insurance policy, or other credit enhancement facility securing the Series 2019 Bonds, nor is there any provision for a credit enhancement facility to be provided to secure any of the Series 2019 Bonds.

Less Than Unanimous Consent Required to Amend Certain Provisions of the Indenture

The Indenture provides that with the consent of the Holders of not less than fifty-one (51%) of the aggregate principal amount of Bonds then Outstanding, the Indenture may be modified, altered, or amended, and provisions may be amended or rescinded; provided, however, that nothing contained in the Indenture will permit or be construed as permitting (1) without the consent of the Holder of such Bond, (a) a reduction in the rate, or extension of the time of payment, of interest on any Bond, (b) a reduction of any premium payable on the redemption of any Bond, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bond, or an extension of time in which the principal amount of any Bond is payable, whether at the stated or declared maturity or redemption thereof, (2) the creation of any Lien prior to or on a parity with the Lien of the Indenture (other than that parity Lien created to secure the Additional Bonds), (3) a reduction in the aforesaid aggregate principal amount of Bonds, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (4) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (5) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

Damage or Destruction

The Loan Agreement and the Mortgage require that the Mortgaged Property be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the Mortgaged Property will be adequate or that the cause of any damage or destruction to the Mortgaged Property will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies from which the College obtain insurance policies. The College believes that the risks associated with its properties and its operations are adequately provided for through the insurance policies it maintains.

Compliance with Securities Laws

The Series 2019 Bonds may be sold by Bondholders only in compliance with the registration provisions, or certain exemptions therefrom, of the Securities Act of 1933, as amended (the "Securities Act") and applicable state securities acts (which may be prohibitively expensive if registration is required and may not be possible in any event). In some states, specific conditions must be met or approval of a state securities commission is required in order to qualify for an exemption from registration.

Risk of Loss from Nonpresentment upon Redemption

The rights of the registered owners of the Series 2019 Bonds to receive interest will terminate on the date, if any, on which the Series 2019 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Indenture.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2019 Bonds. Each prospective investor should carefully examine this Limited Offering Memorandum, and the Appendices hereto, and such investor's own financial condition in order to make a judgment as to whether the Series 2019 Bonds are an appropriate investment for such investor.

AUDITED FINANCIAL STATEMENTS OF THE COLLEGE

The audited financial statements of the College as of and for the fiscal years ended June 30, 2013, 2014, 2015, 2016, 2017 and 2018 (the "Audited Financial Statements"), are included in APPENDIX B to this Limited Offering Memorandum. The Audited Financial Statements were audited by Bonadio & Co., LLP as stated in their reports thereon. See APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE COLLEGE FOR THE FISCAL YEARS ENDED JUNE 30, 2013, 2014, 2015, 2016, 2017 AND 2018" in this Limited Offering Memorandum.

TAX MATTERS

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

Opinion of Bond Counsel

Series 2019A Bonds: In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law and assuming compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2019A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (a) the College or another Person, by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2019A Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, and (b) interest on the Series 2019A Bonds is included in the tax base for purposes of computing the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code; and (2) so long as interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2019A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2019A Bonds.

Series 2019B Bonds: In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, interest on the Series 2019B Bonds is not excludable from gross income for federal income tax purposes and is not exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Series 2019A Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Code and the regulations thereunder (collectively, the "Tax Requirements"). In the opinion of Bond Counsel, the Tax Regulatory Agreement and the other Financing Documents establish requirements and procedures, compliance with which will satisfy the Tax Requirements. Bond Counsel will not independently verify the accuracy of the certifications and representations of the Issuer and the College or the continuing compliance with the covenants by the Issuer and the College.

Bond Counsel does note that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2019A Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the College. The Issuer and the College have each covenanted to take the actions required of it for the interest on the Series 2019A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2019A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of the interest paid or payable on the Series 2019A Bonds or the market value of the Series 2019A Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes, but is not a guaranty of that conclusion. The opinion is not binding upon the IRS or any court. Bond Counsel expresses no opinion about (1) the effect of future changes in the Code and the applicable regulations under the Code or (2) the interpretation and enforcement of the Code or such regulations by the IRS.

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2019A BONDS AND/OR THE SERIES 2019B BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE SERIES 2019A BONDS AND/OR THE SERIES 2019B BONDS.

Tax Requirements

The Tax Requirements referred to above, which must be complied with in order that interest on the Series 2019A Bonds remain excluded from gross income for federal income tax purposes, include, but are not limited to:

(1) The requirement that (a) all property financed or refinanced with proceeds of the Series 2019A Bonds be owned by a 501(c)(3) organization or by a state or local governmental unit, and (b) no more than five percent (5%) of the proceeds of the Series 2019A Bonds be used for any private business use, treating as private business use (i) use (directly or indirectly) in a trade or business carried on by any entity other than (A) a state or local governmental unit or (B) a Section 501(c)(3) organization in a trade or business related to such Section 501(c)(3) organization's exempt purposes and (ii) possession of certain interests in the property financed or refinanced with proceeds of the Series 2019A Bonds by any entity other than (A) a state or local governmental unit or (B) a Section 501(c)(3) organization. The College has indicated in the Tax Regulatory Agreement that (x) all property financed or refinanced with proceeds of the Series 2019A Bonds will be owned by a 501(c)(3) organization or by a state or local governmental unit, and (y) no more than five percent (5%) of the proceeds of the Series 2019A Bonds will be used for any private business use.

(2) The requirement that not more than two percent (2%) of the proceeds of the Series 2019A Bonds be utilized to finance the costs of the issuance of the Series 2019A Bonds. The College has indicated in the Tax Regulatory Agreement that not more than two percent (2%) of the proceeds of the Series 2019A Bonds will be utilized to finance the costs of issuance of the Series 2019A Bonds.

(3) The requirements contained in Section 148 of the Code relating to arbitrage bonds, including but not limited to the requirement that, unless the College satisfies one of the applicable exceptions provided by Section 148 of the Code, the excess of all amounts earned on the investment of the Gross Proceeds of the Series 2019A Bonds over that which would have been earned on such Gross Proceeds had such Gross Proceeds been invested at a Yield equal to that on the Series 2019A Bonds, and any investment income earned on such excess, be rebated to the United States. The College has agreed in the Tax Regulatory Agreement and in the Loan Agreement to comply with the requirements of Section 148 of the Code.

(4) The requirement that the Project Facility not be used for a purpose prohibited under Section 147(e) of the Code (relating to, among others, any airplane, skybox or other private

luxury box, facility primarily used for gambling, or store, the principal business of which is the sale of alcoholic beverages for consumption off premises).

(5) The requirement contained in Section 149(b) of the Code that payment of principal or interest on the Series 2019A Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

Certain Collateral Federal Tax Consequences

You should also be advised that the Series 2019A Bonds are subject to, among others, the following provisions contained in the Code:

(1) interest on the Series 2019A Bonds may also be subject to a branch profits tax imposed upon certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations;

(2) interest paid by certain financial institutions on debt allocable to the cost of acquiring and carrying the Series 2019A Bonds is not deductible from Federal income taxation; and

(3) a property and casualty insurance company's deduction for losses incurred is reduced by 15% on tax-exempt income received from the Series 2019A Bonds.

Prospective purchasers of the Series 2019A Bonds should also be aware that ownership of, accrual or receipt of interest on, or disposition of, the Series 2019A Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Series 2019A Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2019A Bonds. Bond Counsel will express no opinion regarding these consequences.

Information Reporting and Backup Withholding

Interest paid on the Series 2019A Bonds and the Series 2019B Bonds will be subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest on the Series 2019A Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2019A Bonds and the Series 2019B Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Future Legislation or Other Post-Issuance Events

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Bond Counsel's judgment as to the proper treatment of the Series 2019A Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Current and future legislative proposals, if enacted into law, or administrative actions or court decisions, at either the federal or state level, may cause interest on the Series 2019A Bonds to be subject, directly or indirectly, to federal income taxation or to be subjected to State or local income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2019A Bonds for federal or state income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the New York State Legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of the Series 2019A Bonds. There can be no assurance that legislation enacted or proposed or actions by a court after the date of issuance of the Series 2019A Bonds will not have an adverse effect on the tax status of the interest paid or payable on the Series 2019A Bonds or the market value or marketability of the Series 2019A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in benefit) of the exclusion of the interest on the Series 2019A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series 2019A Bonds.

No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the market value or the marketability of the Series 2019A Bonds or the tax consequences of ownership of the Series 2019A Bonds. Similarly, it is not possible to predict whether any other legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Series 2019A Bonds may occur.

Prospective purchasers of the Series 2019A Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2019A Bonds at other than their original issuance at the respective prices set indicated on page (i) of this Limited Offering Memorandum should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2019A Bonds and the Series 2019B Bonds ends with the issuance of the Series 2019A Bonds and the Series 2019B Bonds. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2019A Bonds may affect the tax status of interest paid or payable on the Series 2019A Bonds.

Unless separately engaged for such purpose, Bond Counsel is not obligated to defend the Issuer or the owners of the Series 2019A Bonds regarding the tax status of the interest thereon in the event of an audit examination by the IRS. If the IRS does audit the Series 2019A Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Series 2019A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees may not be practicable. Any action by the IRS, including but not limited to the selection of the Series 2019A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may alter the market value for, or the marketability of, the Series 2019A Bonds, and may cause the Issuer, the College or the Bondholders to incur significant expense.

New York State Taxes

Series 2019A Bonds: In the opinion of Bond Counsel, so long as interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2019A Bonds is exempt, under existing law, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Series 2019B Bonds: In the opinion of Bond Counsel, interest on the Series 2019B Bonds is not exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York).

Tax Risks - Loss of Federal Tax Exemption

As described above, interest on the Series 2019A Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2019A Bonds that violate the requirements and limitations prescribed by the Code. Although the College has agreed not to violate the requirements and limitations of the Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2019A Bonds may be deemed to be taxable from the date of issuance. The Series 2019A Bonds are not subject to mandatory redemption or to mandatory acceleration in the event of such an occurrence. No premium or additional interest will be paid to the Bondholders or former Bondholders to compensate the Bondholders for any losses they may incur as a result of the interest on the Series 2019A Bonds becoming subject to federal income taxation.

Form of Opinion of Bond Counsel

The form of the approving opinion of Bond Counsel with respect to the Series 2019A Bonds is attached hereto as Appendix D. See "FORM OF BOND COUNSEL OPINION" in APPENDIX D.

LEGAL MATTERS

Legal matters incident to the issuance and sale of the Series 2019 Bonds and with regard to the tax-exempt status of interest on the Series 2019 Bonds under existing laws are subject to the legal opinion of Hodgson Russ LLP, Albany, New York, as Bond Counsel. Certain legal matters will be passed on by Hodgson Russ LLP, Albany, New York, as counsel to the Issuer; by Bond, Schoeneck & King, PLLC, Syracuse, New York, as counsel to the College; and by Ice Miller LLP, as counsel to and solely for the benefit of the Underwriter.

The legal fees paid to Bond Counsel, as well as any of the other foregoing firms, for services rendered in connection with the issuance of the Series 2019 Bonds are contingent upon the actual sale and delivery of the Series 2019 Bonds.

The legal opinions express the professional judgment of counsel rendering them, but are not binding on any court or other governmental agency and are not guarantees of a particular result.

CONTINUING DISCLOSURE

In connection with the issuance of the certain bonds that were refinanced by the Prior Indebtedness, the College entered into a Continuing Disclosure Agreement dated June 1, 1999, with United States Trust Company of New York, as trustee (the "Prior Continuing Disclosure Agreement"). The College failed to provide the annual reports that were required under the Prior Continuing Disclosure Agreement. Such bonds refinanced by the Prior Indebtedness are no longer outstanding and the College did not enter into any continuing disclosure agreement in connection with the Prior Indebtedness, which is not subject to the continuing disclosure obligations under Rule 15c2-12 (the "Rule").

The College will enter into a Continuing Disclosure Agreement dated as of September 1, 2019 (the "Continuing Disclosure Agreement"), between the College and the Trustee, as dissemination agent. The Continuing Disclosure Agreement is made for the benefit of the Series 2019 Bondholders and in order to assist the Underwriter in complying with its obligations pursuant to the Rule, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit underwriters to offer and sell such issuer's securities. See "RISK FACTORS – Failure to Provide Ongoing Disclosure" and APPENDIX E – "SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT."

Pursuant to the Continuing Disclosure Agreement, the College will agree to provide, or cause to be provided, annually to designated information repositories certain quantitative financial information and operating data of the type specified in the Continuing Disclosure Agreement; and to provide in a timely manner to designated information repositories notice of the occurrence of certain events, if material (within the meaning of the Rule), and of any failure to provide required information when due. The Continuing Disclosure Agreement does not require that information be provided to all registered owners or Beneficial Owners of the Series 2019 Bonds, but rather requires only that such information be provided to certain information repositories.

SPECIAL RELATIONSHIPS

Hodgson Russ LLP has previously represented or currently represents the Issuer in transactions unrelated to the issuance of the Series 2019 Bonds. Hodgson Russ LLP is serving as bond counsel and Issuer's Counsel in connection with the issuance of the Series 2019 Bonds.

One member of the College's Board of Trustees is retired but formerly served as a member (partner) at Bond, Schoeneck & King, PLLC. Bond, Schoeneck & King, PLLC is serving as counsel to the College in connection with the issuance of the Series 2019 Bonds.

ABSENCE OF MATERIAL LITIGATION

The Issuer

To the Issuer's knowledge, there is no pending or threatened litigation restraining or enjoining the issuance or delivery of the Series 2019 Bonds or questioning or affecting the validity of the Series 2019 Bonds or the proceedings and authority under which the Series 2019 Bonds are to be issued or the validity or enforceability of the Indenture, the Loan Agreement or the Bond Purchase Agreement. Neither the creation, organization nor existence of the Issuer, nor the title of the present directors or other officials of the Issuer to their respective offices, is, to the best knowledge of the Issuer, being contested.

The College

No litigation, investigations or proceedings are now pending or, to the best knowledge of the College after due inquiry, are any threatened against the College which would have a materially adverse effect on the financial condition or operations of the College or in any manner challenge or adversely affect the existence or power of the College to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the College under the Loan Agreement, the Mortgage, the Assignment of Leases and Rents, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, the Bond Purchase Agreement or any other Financing Document to which the College is a party.

UNDERWRITING

The Series 2019 Bonds will be purchased by Oppenheimer & Co. Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2019 Bonds for a purchase price resulting in an Underwriter's discount of $373,800.00 subject to the terms of a Bond Purchase Agreement among the Issuer, the College and the Underwriter. The Bond Purchase Agreement provides that the Underwriter shall purchase all Series 2019 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The initial offering prices set forth on page (i) hereof may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers (including depositing Series 2019 Bonds into investment trusts) at prices lower than the public offering price. The College has agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under federal and state securities laws.

In connection with this offering, the Underwriter may effect certain transactions that stabilize the price of the Series 2019 Bonds. Such transactions may consist of bids or purchases for the purposes of maintaining the price of the Series 2019 Bonds.

MISCELLANEOUS

The College has furnished the information in this Limited Offering Memorandum relating to itself and the Mortgaged Property and has reviewed the information related to the plan of financing and related documents and information. The Issuer has furnished only the information in this Limited Offering Memorandum under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION – The Issuer." The Underwriter has furnished the information in this Limited Offering Memorandum with respect to the offering prices of the Series 2019 Bonds and the information under the caption "UNDERWRITING."

All quotations from, and summaries and explanations of, the Enabling Act, the Indenture, the Loan Agreement and the Mortgage and other documents referred to herein do not purport to be complete, and reference is made to such law and documents for full and complete statements of their provisions. Certain provisions of the Loan Agreement, Indenture, and Mortgage are attached hereto as APPENDIX C, the substantially final form of the Continuing Disclosure Agreement is attached hereto as APPENDIX E, and final, executed versions of such documents are on file and available for inspection at the office of the Trustee. All references herein to the Series 2019 Bonds are qualified by the definitive forms thereof and the information with respect thereto contained in the Indenture. The cover page, introductory statement and the Appendices attached hereto are part of this Limited Offering Memorandum.

ANY STATEMENTS MADE IN THIS LIMITED OFFERING MEMORANDUM INVOLVING MATTERS OF OPINION OR OF ESTIMATES, WHETHER OR NOT SO EXPRESSLY STATED, ARE SET FORTH AS SUCH AND NOT AS REPRESENTATIONS OF FACT, AND NO REPRESENTATION IS MADE THAT ANY OF THE ESTIMATES WILL BE REALIZED.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE ISSUER CONTAINED UNDER THE CAPTIONS "THE ISSUER" AND "ABSENCE OF MATERIAL LITIGATION – THE ISSUER," AS SUCH INFORMATION RELATES TO THE ISSUER, NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE ISSUER, AND THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2019 BONDS; OR (III) THE FEDERAL INCOME TAX STATUS OF THE INTEREST ON THE SERIES 2019 BONDS OR ANY STATE INCOME TAX STATUS OF THE SERIES 2019 BONDS.

In addition, all information contained in APPENDICES A and B has been provided by the College or been derived from information provided by the College. Neither the Issuer nor the Underwriter make any representations or warranties as to the accuracy or completeness of the information in these Appendices.

No Registration of the Series 2019 Bonds

Registration or qualification of the offer and sale of the Series 2019 Bonds (as distinguished from registration of the ownership of the Series 2019 Bonds) is not required under the Securities Act. THE ISSUER ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2019 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2019 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

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Limited Offering Memorandum Certification

The preparation of this Limited Offering Memorandum and its distribution and use have been approved by the College. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Issuer or the College and any purchaser, owner or holder of any Series 2019 Bond.

CAZENOVIA COLLEGE

By: /s/Ronald Chesbrough
Authorized Officer

APPENDIX A

CAZENOVIA COLLEGE

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The information contained herein as Appendix A to this Limited Offering Memorandum relates to and has been supplied by Cazenovia College. The delivery of this Limited Offering Memorandum shall not create any implication that there has been no change in the affairs of Cazenovia College since the date hereof, or that the information contained, referred to or incorporated by reference in this Appendix A is correct as of any time subsequent to its date.

Capitalized terms used in this Appendix A and not otherwise defined herein shall have the meanings defined in the forepart of this Limited Offering Memorandum. As used hereinafter, and unless otherwise indicated by the context, all cities and towns referred to herein are located in the State of New York (the "State"); and all statistical and financial information for any year refers to the fiscal year ended June 30 and is from Cazenovia College.

INTRODUCTION

Cazenovia College (the "College") traces its birth to 1824, when it was founded as the Seminary of the Genesee Conference, the second Methodist seminary to be established in the United States. It opened in what had been the Madison County Courthouse. Although sponsored by the Methodists, the seminary was nonsectarian, and its trustees were a mixture of clergy and laymen.

In 1942, the Methodists withdrew their sponsorship of the College and community leaders stepped in to form a new non-church-related board for what was then known as Cazenovia Junior College.

The College received accreditation from the Middle States Association of Schools and Colleges in 1961, and in 1988, the New York State Board of Regents awarded the College the right to offer baccalaureate degrees. In 2019, the College was granted the right to offer its first graduate degree, an M.S. in Clinical Mental Health Counseling. Several additional graduate programs are in planning stages.

The College reached peak new enrollment with its Fall 2013 cohort. Following this peak enrollment, declining demographics in the Northeast and a complacent approach to marketing and enrollment services, combined with an outgoing College President not attuned to the enrollment future of the College led to a significant decline in new and overall enrollment through the Fall 2017 cohort. The announcement in 2017 of the State's Excelsior Scholarship program touting ‘free tuition' at the State's public four-year colleges, placed additional downward pressure on private college enrollments in the State.

This is now old history for the College and not reflective of its current energy and trajectory. Since 2017, the College's leadership has transitioned, and it has implemented several initiatives to reverse enrollment declines and establish a sustainable financial model. All its initiatives have at their core, the necessity for the College to control costs, to foster innovation in all functional areas of the College, and to develop and maintain those programs where it has a competitive edge. Notably, it has reduced operating expenses by over 10% ($2.5 million), cut personnel by over 10%, eliminated several under-enrolled academic programs, and completed the sale of six non-essential properties to consolidate its campus footprint and create a vibrant multi-functional campus center. At the same time, the College has rebuilt relationships with the surrounding community, renewed and revitalized its brand, engaged in creative partnerships with area institutions (two- and four-year), created and implemented a number of new high demand academic programs, and developed a plan to address its debt and deferred maintenance needs.

The current positive enrollment trend line can be traced to deliberate steps that leadership took in recent years. Realizing the need to catch up with enrollment marketing practices from peer schools, the College engaged higher education consultants Ruffalo Noel Levitz ("RNL") in 2016. Following an audit of the College's marketing program, RNL identified and helped implement best practices that were missing previously, including engaging prospective high school students in their sophomore year, and developing specific communication flows for each stage of the recruitment cycle. Working with RNL, the

College also developed improved messaging and increased use of digital marketing. Because RNL was engaged late in 2016, the improved marketing had little opportunity to impact 2017 enrollment, but is reflected in the improved numbers for 2018 and 2019.

The Fall 2018 class size increased 25% over Fall 2017 to 257 students, and projections as of July 22, 2019 for the Fall 2019 class are consistent with a further increase of nearly 13% to approximately 290 new students. The Fall 2019 cycle has proven to be one of the most successful in recent history, already with the highest number of applicants (2,627) since 2013 and the most accepted students (1,977) since 2015. In both categories these numbers represent the second highest marks seen in the past decade.

Having closed the marketing gap, the College is currently taking steps to move ahead of baseline best practices by implementing highly personalized and customized communications with prospective students through a digital marketing platform. The platform allows for delivering individualized student microsites, emails, text messages, and direct mail pieces that reflect what the students have indicated as their areas of interest. The communications are updated and customized as the student moves through the recruitment cycle. The personalized communications reflect the individualized attention students receive at Cazenovia College. In addition, admissions counselors have access to their assigned students' information to engage with them on a more personalized level.

At the same time, the College revamped its financial aid packaging strategy over the past four years. Reducing the amount of institutional aid while marketing the value of the College has resulted in a higher rate of student and family investment – a trend management of the College ("Management") expects to continue. In 2019, the net revenue per student increased by $1,000 over the prior year.

The College is poised to increase its fund-raising over the next five years by 60% over historical norms. The current plan calls for $8 million to be raised over the next five years, leading into the public launch of a campaign for the College's bicentennial in 2024, the tentative goal for which is set at $20 million. Just as enrollment took top priority during the first two years of the leadership transition, institutional advancement now reports directly to the President of the College. As important, the President and his leadership team have now prioritized development and fund-raising as the new focus of transformation efforts at the College.

Expense reductions have been strategically made where possible. A strengths, weaknesses, opportunities and threats analysis at the outset of development of a new strategic plan identified areas of growth for the College and areas where resources were not leveraged to maximum advantage in the current environment. As a result of the analysis, a number of positions were eliminated or left unfilled; extraneous properties were sold, providing one-off revenue and dramatically decreasing maintenance and upkeep costs; several low enrollment academic programs were eliminated and an academic master plan established for the development and implementation of new, high demand majors, both undergraduate and graduate.

The College continues to be known for its caring and intimate learning environment, real world learning through internships, and for its comparative value in the Northeast higher education landscape. It has been named one of "America's Best Colleges" for fifteen consecutive years and a "Best Value" in the North by U.S. News and World Report, ranking #1 in this latter category in 2018 and #2 in 2019. The College owns and operates the approximately159-acre Equine Education Center, which is home to the College's nationally recognized Equine Business program, and houses the New York State Center for Equine Business Development. The College recently renovated its South (Jephson) Campus to provide a state-of-the-art studio arts learning environment for students and the surrounding community.

In December 2018, the College received the Business of the Year award from the local chamber of commerce, reflecting the positive relationship that exists between the College and the regional community. The Mayor of Cazenovia recently described the relationship between the Village of Cazenovia (the "Village") and the College as the best it has ever been. The most recent Economic Impact Study, conducted by the Commission of Independent Colleges & Universities in 2017, identifies the overall economic impact of Cazenovia College to the region at $63,600,000, comprised of construction, labor and tax impact, and student and visitor impact, and demonstrates that the College is a major factor in the success of local and regional economies.

Five new high demand majors were introduced for the fiscal year ended June 30, 2019, including two in Finance, one in Business Management, one in History, and a new Individual Studies program. Fundraising projects are on target to create a criminal justice lab to support the quickly growing criminal justice program and a finance lab, to serve students in this new major. Of significant note, the College recently had its charter amended and received approval to offer its first graduate degree, a master's in clinical mental health counseling, a program in great demand with area students and employers.

The College has successfully weathered recent enrollment challenges and Management believes it is on a path toward a stable enrollment of 800-850, its ‘new normal' in the current environment and for the foreseeable future. It has done the critically hard work of budgeting to this new normal. The College has positioned itself as a preferred destination for those students and families seeking an intimate and caring learning environment - one in which students will gain first-hand experience and often jobs in their chosen field long before graduation. The College has continued plans to diversify its offerings at the undergraduate and graduate levels in response to the changing demand landscape.

A portion of the proceeds raised from the Series 2019 Bonds will assist the College in addressing its deferred maintenance. The College is also focused on re-energizing its Institutional Advancement efforts, with a specific focus on annual and unrestricted giving. The College is also in the early stages of planning for its bicentennial celebration in 2024, around which a campaign for the third century will be built.

GOVERNANCE

The College is governed by a Board of Trustees (the "Board"), which has legal responsibility for the policies and overall governance of the College. The Board shall not exceed thirty-six (36) duly elected members and the President of the College, who is a member ex-officio with voice and vote (the "Trustees"). As of June 30, 2019, the Board is comprised of 16 Trustees. The Committee on Trustees nominates persons for election as Trustees, and the Trustees then serving on the Board elect Trustees to fill vacancies. The Trustees are elected for three-year terms. They may serve a maximum of nine (9) years of uninterrupted service. Trustees are not compensated for their Board services.

The Board holds three regular meetings during the College's fiscal year and such special meetings as may be called. The presence of a simple majority of Trustees is required for a quorum at any meeting of the Board. Most actions of the Board require the vote of a majority of the Trustees present at a meeting at which a quorum is present. The Executive Committee consists of the Chair, Vice Chair, Secretary, and Treasurer of the Board, the President of the College, and the Chair of each of the standing committees. Between the regular meetings of the Board, if the President and the Chair deem existing circumstances to require immediate action, the Executive Committee has full power and authority to act for the Board. Actions of the Executive Committee must be ratified at the next meeting of the full Board. The standing committees of the Board include the committee on Academic Affairs, Audit, Buildings and Grounds, Committee on Trustees, Enrollment Management, Finance, Investment, Institutional Advancement, Students Affairs, Staff to Board, Faculty to Board and Executive Committee.

The following list sets forth the Trustees, each Trustee's principal business or professional affiliation and the year in which each Trustee was initially appointed and the year their term expires.

Name	**Affiliation**	**Year Initially Appointed**	**Year Term Expires**
Kenneth C. Gardiner* *Chair*	*Partner, CPA, CCIFP, CDA* Dannible & McKee, LLP Syracuse, NY	2016	2021
John A. Bartolotti* *Vice Chair*	*Partner,* Dal Pos Architect LLC Syracuse, NY	2014	2020
Jeffrey H. Heath* *Secretary*	*Principal Manager,* GHD Inc. Cazenovia, NY	2015	2021
John McCabe* *Treasurer*	*CEO of University Hospital & Sr. VP for Hospital Affairs (Retired)* Upstate University Hospital Syracuse, NY	2017	2020
Eric Burrell	*President & CEO* Professional Teleconcepts, LLC Cazenovia, NY	2019	2021
Ronald Chesbrough *(ex officio)*	*President*, Cazenovia College Cazenovia, NY	2016	-
James D. Freyer, Jr. *	*Chairman & CEO,* Haylor, Freyer & Coon Syracuse, NY	2016	2021
Edwin J. Kelley, Jr. *	*Member (Retired)* Bond, Schoeneck & King, PLLC Syracuse, NY	2018	2020
Gary Livent*	*Associate Dean & Chief Advancement Officer (Retired)* Maxwell School of Citizenship & Public Affairs, Syracuse University Syracuse, NY	2017	2020
Margie Dobin Miller '69*	*Family Outreach Coordinator (Retired)* South Nassau Communities Hospital Rockville Centre, NY	2012	2020
Shane O'Dell '02*	*Partner,* McGovern, O'Dell & Associates Fort Walton Beach, FL	2017	2022
Edward Priest	*Chief Operating Officer (Retired)* Davis-Ulmer Sprinkler Co. Liverpool, NY	2014	2020
Christine S. Steenstra*	*Chief Administrative Officer,* Mower Syracuse, NY	2015	2020
Debra A. Verni	*Partner,* Herzog Law Firm, P.C. Albany, NY	2018	2020
Connie M. Whitton	*Executive Coach & Business Consultant* Syracuse, NY	2013	2021
Jackie Wilson	*Owner & CEO* American Fashion Network/Jes Apparel East Syracuse, NY	2019	2021

ADMINISTRATION

The President of the College is selected and appointed by the Board and serves at the pleasure of the Board. The President, supported by his or her senior staff, is responsible for the operational administration of the College. Senior administrators are appointed by, report to, and serve at the pleasure of the President. Brief biographies of the President and Vice Presidents are presented below:

Ronald Chesbrough, Ph.D., President
B.A. SUNY Potsdam; M.Ed. University of Vermont; Ph.D. University of Nebraska

Dr. Ronald Chesbrough became the 29th president of Cazenovia College on July 1, 2016. He has over 25 years of higher education leadership experience including most recently as president of St. Charles Community College in Cottleville, Missouri. Before leading St. Charles Community College, Dr. Chesbrough served as Vice President for Student Affairs at Hastings College in Hastings, Nebraska, from 2005 to 2011. Prior to that, he was at Johnson State College in Vermont as dean of students from 1993 to 2005 and director of Upward Bound from 1989 to 1993. Other positions held by Dr. Chesbrough include director of service learning programs at Trinity College and associate director of career services at Champlain College, and director of co-curricular learning at Rock Point School.

David Bergh, Ed.D., Vice President for Planning and Institutional Effectiveness
B.A. Allegheny College; M.P.A. Rockefeller College of Public Affairs and Policy, SUNY Albany; Ed.D. University of Vermont

Dr. Bergh has served as Vice President for Planning and Institutional Effectiveness since joining Cazenovia College in August 2016. In this role he is responsible for oversight of institutional planning, compliance, accreditation, and research. Additional areas of oversight include admissions, human resources, athletics and recreation, the equine education center, and theatre operations. Prior to his arrival at Cazenovia, Dr. Bergh spent 19 years at Johnson State College (now Northern Vermont University), including 11 years as the chief student affairs officer. At the time of his departure, he was Dean of Student Life and College Relations.

Sharon Dettmer, Ph.D., Vice President for Academic Affairs and Dean of the Faculty
B.A. Ball State University, M.A., Ph.D. Syracuse University

Dr. Dettmer oversees over 35 majors, minors and certificates and supervises over 200 faculty and staff. She has facilitated a number of partnerships with area institutions of higher education and other community agencies. Dr. Dettmer has also guided the College through a number of new academic programs, including the first graduate program in Clinical Mental Health Counseling. Prior to serving as

Vice-President for Academic Affairs, she served as Chair of the Division of Social and Behavioral Sciences for six years. She is a tenured full professor who has been teaching at Cazenovia College since 1995.

Mark Edwards, Vice President for Administration and Chief Financial Officer
B.B.A. St. Bonaventure University

Mr. Edwards joined Cazenovia College in 2002. He is responsible for all financial accounting, information technology, budgeting and business aspects at the College, and oversees investment portfolio, banking, liability insurance and vendor relationships. He facilitates the Finance, Investment, Audit, and Building & Grounds committee meetings of the Board. Mr. Edwards had over 16 years of prior experience in finance and public accounting before joining the college including serving as Chief Financial Officer and Vice President of Finance and Administration for two start-up technology corporations.

Karey Pine, Ed.D., Vice President for Student Affairs
B.A. William Smith College; M.S. Rochester Institute of Technology; Ed.D. St. John Fisher College

Dr. Pine was appointed Vice President for Student Affairs in August 2018. This past year she has focused on reviewing and revising student conduct, campus activities, student leadership, and diversity and inclusion priorities and practices, including a re-organization of the division of Student Affairs to provide increases in the direct availability and staff support to students. Prior to her appointment with Cazenovia College, Dr. Pine's 30-year career in higher education has included a number of progressively responsible leadership roles in settings which have included private and public and small to mid-size college and university communities.

ACADEMIC PROGRAMS

The College awards the degrees:, Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Science, and Master of Science (approved 2019). Associate degrees (in Arts, Applied Science, and Science) are awarded through the Center for Continuing Education and Graduate Programs. The College also currently sponsors four certificate programs. A full listing of programs is presented below. All courses of study listed are registered by the New York State Education Department ("NYSED") and are approved by the "NYSED for the training of veterans and for the training of the handicapped.

Program Offerings

Master of Science

Clinical Mental Health Counseling

Bachelor of Arts

Biology	English	Liberal Studies
Communication Studies	International Studies	Social Science

Bachelor of Fine Arts

Fashion Design	Commercial Photography
Interior Design	Visual Communications (Advertising Design)
Arts Management	Visual Communications (Graphic Design)
Studio Art	Visual Communications (Web/Interactive Design)
Fine Art Photography	Visual Communications Illustration/Animation)

Bachelor of Science

Business	Human Services: Alcohol & Substance Abuse
Criminal Justice and Homeland Security Studies	Human Services: Counseling & Mental Health
Inclusive Early Childhood Education	Human Services: Social Services for Children & Youth
Inclusive Elementary Education	Individual Studies
Environmental Biology	Liberal Studies
Finance	Psychology
Human Services: Generalist	Social Science

Bachelor of Professional Studies

Equine Business Management	Sport Management
Fashion Merchandising	Business Management
Finance	Business Management (Accounting)
Hospitality Management	

Certificate Programs

Alcohol and Substance Abuse Counseling	Management and Supervision
Equine Reproductive Management	Purchasing Management

Minors

Aging Services	Interior Decorating
Art History	International Studies
Arts Management	Marketing
Biology	Mathematics
Business	Multiplatform Journalism & Production
Communication Studies	Philosophy
Criminal Justice	Photography
Economics	Pre-Art Therapy
Education	Pre-Law
English	Psychology
Entrepreneurship	Sociology
Fashion Design	Sport Studies
Fashion Merchandising	Studio Art (General)
Forensic Photography	Studio Art (2-D)
Health Care Management	Studio Art (3-D)
History	Theatre
Hospitality Management	Women & Gender Studies
Human Services	Visual Communications

Program Offerings through Center for Adult and Continuing Education Only

Associate in Arts

Human Services: Counseling and Mental Health	Human Services: Social Services for Children and Youth Liberal Studies

Associate in Applied Science

Business Management	Individualized Studies

Associate in Science

Business Management	Human Services: Counseling and Mental Health
Criminal Justice and Homeland Security Studies	Human Services: Social Services for Children and Youth Individualized Studies

Certificate Programs

Alcohol and Substance Abuse Counseling

All students have the opportunity to major in more than one field, create their own individual major, and complete as many minor programs as they are able. The College has two established dual majors: Criminal Justice Homeland Security Studies; and Psychology and English and Communication Studies.

The College offers several options for its students to study abroad. Students interested in a full semester or year program can choose to study at Canterbury Christ Church University in England or Nagoka Gukuin University in Japan. Students also have the option of faculty-led study abroad programs for college credit. Recently, students have travelled to France, Germany, Poland, Australia, Sweden, Costa Rica and Spain. Students study in fields ranging from history, fashion design, philosophy, fine arts, and social science. Students travel with a College faculty member for all study abroad experiences, except for Japan in which they are part of an international group at the university. The faculty-led trips take place over the winter intersession, spring break, or in the summer. For participation in academic year or semester programs, students are required to have a minimum GPA of 2.75.

All academic departments offer credit-bearing internships, which are supervised by a faculty member in the department. The majority of majors require one or more internships. These are administered by the Office of Career Services. Numerous internship sites have been established within Cazenovia and the Central New York region, in addition to national and international placement sites.

The General Education Program requirements are based on a set of ten All-College competencies, which include courses that initiate (First Year Seminar) and culminate (Senior Capstone) a student's college experience.

Every general education course addresses one or more of the All-College competencies. All-College competencies are integrated across all College degree programs (majors) as well as co-curricular and extra-curricular programs. While the academic General Education requirements prepare students for leadership, students have the opportunity to demonstrate those qualities in the College's leadership and co-curricular programs. Depending on major, required coursework will foster significant further development in the All-College competencies beyond the gateway requirements of the General Education Program.

The ten All-College competencies addressed by the General Education Program are listed below.

1. **Written Communication.** To produce writing that is appropriate to audience, context, and purpose.

2. **Spoken and Interpersonal Communication.** To communicate effectively through conversation and oral presentation in both informative and persuasive contexts.
3. **Ethics.** To understand the principles underlying ethical conduct and apply them in making life choices and workplace decisions.
4. **Quantitative Literacy.** To demonstrate proficiency in the use of mathematical or statistical reasoning.
5. **Cultural Literacy.** To develop the skills and cultural knowledge base necessary for effective membership in the larger community; to read and comprehend artifacts and texts in their historical and cultural contexts.
6. **Scientific Literacy.** To understand the methods of scientific inquiry used in the natural, behavioral, and/or social sciences and how science affects our lives and our culture.
7. **Diversity and Social Consciousness.** To demonstrate an awareness of the diversity that exists among all human groups and develop the necessary skills to understand diverse cultures and traditions.
8. **Visual Literacy.** Students are able to analyze two and three dimensional applications in order to interpret and understand the underlying principles of visual communications in the historic and contemporary world.
9. **Critical Thinking, Problem Solving, and Information Literacy.** To observe and describe the nature of a given situation; to access and evaluate sources of information, draw accurate inferences from this information, and make proper use of this information for a specific purpose.
10. **The General Education Program also requires the completion of a First Year Seminar and Senior Capstone course.** First Year Seminar introduces students to the essential elements of college coursework. In this course, students write, speak, research, and interact with professors and their fellow students in pursuit of knowledge, critical understanding, and scholarship. Each First Year Seminar topic is of special significance to the professor and (Management anticipates) to members of the class. Each major requires a Senior Capstone course that is the culmination of students' professional and general education studies. The Senior Capstone course marks the conclusion of students' work both within the major and the general education program. Student Senior Capstone materials will be given to the library to be cataloged and added to the collection and, thereafter, will be made available to the campus community.

In order to graduate, students must also attain a 2.00 GPA in the major and minor fields of study and in College work overall. A normal academic load is 15 to 18 semester hours during each semester, and the minimum requirement for graduation is 120 semester hours.

Non-traditional students may enroll in credit and non-credit courses and enroll in degree programs through the Center for Continuing Education and Graduate Programs. Classes are usually offered during evenings and Saturdays. They may enroll in classes with traditional students in the day program, but many enroll primarily in the evening and Saturday program, completing their degrees at a slower pace than full-time, traditional-age students do. Students may also obtain a College degree at the College's four off-site programs at Herkimer Community College, Hudson Valley Community College, Clinton Community College, and Fingerlakes Community College. Courses of study at these sites are offered in Education and Human Services to students who have completed their associate degree.

The College is offering its first Master of Science degree in Fall 2019 - M.S. in Clinical Mental Health Counseling. The degree may be obtained in two years taking classes year round. The program received final approval in spring 2019, and offers a 15 student enrollment cap per cohort; the College expects to meet its new enrollment goal for Fall 2019 of 10 students, and 15 students annually thereafter.

ACCREDITATION

The College is accredited by the Middle States Commission on Higher Education. The Middle States Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

In addition, several individual programs or departments hold or are seeking specific program accreditations:

- The College has received specialized accreditation for its business programs through the International Assembly for Collegiate Business Education.
- The College's Education Program is a member in good standing of the Association for Advancing Quality in Educator Preparation ("AAQEP"). The College is working toward accreditation of its educator preparation programs under the AAQEP standards with an anticipated Quality Assurance Review in 2021.
- The College's newly launched M.S. in Clinical Mental Health Counseling is eligible to apply for accreditation from The Counsel for Accreditation of Counseling Related and Education Programs in the 2021-2022 academic year.
- The College is in the process of applying for accreditation from the National Association of Schools of Art and Design for its Art and Design programs. The anticipated campus visit and review is set for Fall 2019.

FACULTY AND EMPLOYEES

As of Spring 2019, the latest date for which information is available, the College had 53 full-time faculty, of which 66% have tenure and 79% have earned the doctoral degree or the appropriate terminal degree for their fields. In the current academic year, the College employs 48 part-time adjunct faculty members. The majority of adjunct instructors teach one or two courses per semester. No adjunct instructor may teach more than a total of four courses during the year. The number of part-time faculty has remained static for the last five years.

As of May 14, 2019, the latest date for which information is available, the College has 157 full-time administrative and support staff. The College administrative and support staff is nonunion. The College has reduced its administrative and support staff by 20% (39) from 2014 to 2019.

The table below shows the number of full-time and part-time faculty and administrative and support staff employees for the six years from June 30, 2014 through June 30, 2019.

Employee Headcount by Category

	Year ended June 30,					
Category	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Full-time faculty	57	59	57	58	53	53
Part-time faculty	62	46	45	45	50	48
Administrative / support staff	196	179	176	173	158	157
Total	**315**	**284**	**278**	**276**	**261**	**258**

CAMPUS FACILITIES

The College's facilities consist of approximately 505,000 square feet in 34 buildings, athletic field and an Equine Center located on approximately 271 acres in three locations. The Main Campus consists of approximately 20 acres and includes academic, residential, dining and other facilities. The Jephson

Campus is located ¼ mile from the Main Campus and contains the buildings that house the College's Studio Art and Fashion Design programs. The Equine Education Center is located 6 miles from the Main Campus.

Watts Hall was updated in 1996 and converted to the College's Campus Center a multi-purpose building used for faculty offices, Teaching and Learning Center services, and human resources and business offices.

Hubbard Hall was built in 1967, and is a multi-purpose building used for dining service, faculty offices, classrooms, student housing (2nd and 3rd floors) and other student common area spaces.

Williams Hall is the oldest building on campus (1853). The first floor contains the Center for Adult and Continuing Education; the second and third floors contain classrooms and faculty offices.

Eddy Hall is a three-story building containing classrooms, faculty offices and the computer lab.

Coleman Hall contains the Enrollment Services Center and mailroom on the first floor. The second floor contains classrooms.

Chapman Hall contains the Student Center and Sayford Cyber Café as well as the Flannery Recreation Room.

Reisman Hall was built in 2004 and named in 2009 for two long-time supporters of the College. Reisman Hall *is* known as the College's Art & Design building with state-of-the-art learning tools and facilities for the College's Visual Communications, Interior Design, and Photography programs.

Farber Hall is an all-female residence hall comprised of largely double occupancy rooms, a full kitchen and adjacent lounge.

Park Hall is a three-story corridor-style residence hall that houses approximately 120 students. The majority of the rooms are double occupancy with some quad and single rooms.

Shove Hall houses approximately 130 students in primarily double rooms.

Shove Suites is adjacent to Shove Hall and offers upperclassmen suite-style living with two to five single bedrooms sharing a living room/kitchenette and bathroom.

Joy Hall contains the offices of the President, the Vice President for Planning and Institutional Effectiveness, and Institutional Research and Institutional Advancement.

Witherill Library has a collection in excess of 100,000 items. Also included in the two-story building are seminar rooms, individual study carrels, computer labs and the Information Literacy Instruction Room.

Eckel Science Building is a three-story academic building that contains instructional/classroom space for Biology, Chemistry, Math, and other courses, and the Petersen Greenhouse. The College completed major renovations to the third floor in 2014, updating lab and classroom space.

Schneeweiss Athletic Facility includes the Edwards Gymnasium, the upper gymnasium, coaches and administrative offices, locker rooms, a training room, racquetball court, swimming pool and fitness center. Outdoor facilities include tennis courts and the Christakos Field – an artificial turf field.

Catherine Cummings Theatre is a 250-seat theatre used for College-sponsored and outside groups.

Sigety Hall Health Center house the College's health and counselling services.

Jephson Campus is home to the newest academic space, completed in 2016. The two buildings contain instructional and classroom space for Studio Art and Fashion Design programs

Equine Education Center consists of several buildings located 6 miles from the Main Campus.

The Gatehouse is used for special events, and can house special guests of the College in its three-bedroom, two bath living space. The Great Room hosts meetings, receptions and horse show administration that is overlooked by two student lounge areas. The North Wing contains 21 stalls as well as space for hay storage, a wash stall, electronic livestock scale farrier area and western tack room. The South Wing contains 21 stalls, hay storage and feed room areas, a wash stall, farrier area and the hunter seat tack room. The Haynes Arena is a 3600 square foot arena that has hosted intercollegiate championships. The Ten Stall Barn and Morton Building have a combined 26 stalls. The Ten Stall Barn serves as the foaling barn during the spring; the Morton Building has the maintenance workshop and storage areas for show and driving equipment.

On the heels of the first Capital Campaign successfully completed in 2015, the College developed a facility improvement plan, which was finalized in 2017 and then integrated into the overall College strategic plan to help guide in prioritizing and addressing deferred maintenance items.

The Series 2019 Bonds will provide $5 million in funding to address high priority items such as heating and electrical upgrades, and roof and boiler replacements within certain main campus buildings. Beginning in 2022, the College's financial plan includes fund $1 million in capital expenditures annually, which represents close to 50% of the amount of depreciation expense each year.

Appraisal

Integra Realty Resources (the "Appraiser") performed an appraisal of the real estate portion of the Mortgaged Property and prepared its Appraisal Report – Standard Format dated July 3, 2019, with a valuation date of June 6, 2019 (the "Appraisal Report"). The Appraisal Report states that the market value of a fee simple interest in the real estate portion of the Mortgaged Property was $24,000,000 as of June 6, 2019.

The summary of the Appraisal Report contained in this section is not meant to be exhaustive, and reference should be made to such report for a complete recital of its terms. The appraised value stated in the Appraisal Report represents only the opinion of the Appraiser, and only as of its date. The Appraiser will not be engaged to update or revise the appraised value contained in the Appraisal Report after its date. See "RISK FACTORS – Value of Property May Fluctuate; Limitations of Appraisals."

Mortgaged Property

Under the Mortgage the College has mortgaged and has granted a security interest in, the College's right, title and interest in and to the Mortgaged Property. The Mortgaged Property includes but is not limited to all property and buildings of the College, including principal dormitory and other residence facilities, athletic facilities, the Equine Education Center with 158 acres of land, library, classroom, and administrative buildings.

ENROLLMENT

Total full-time undergraduate enrollment reached a low in Fall 2018 of 707, driven by the graduation of large classes in 2016 and 2017 and two low incoming classes Fall 2016 and 2017. During this period, the College (led by an outgoing President) was complacent in its marketing and recruitment efforts; it did not respond to the less favorable demographic trends in New York, as well as the announcement of the State's Excelsior Scholarship program.

Stabilized College leadership initiated several key steps that has led the College to reverse the negative enrollment trends. Engaging noted higher education consultants RNL in 2016 led to a re-designed marketing program that included engaging prospective high school students in their sophomore year, and developing specific communication flows for each stage of the recruitment cycle. The College also developed improved messaging and increased its use of digital marketing. The impact is observable in the improved freshman enrollment figures in 2018.

Having closed the marketing gap, the College is currently taking steps to move ahead of baseline best practices by implementing highly personalized and customized communications with prospective students through a digital marketing platform. The platform allows for delivering individualized student microsites, emails, text messages, and direct mail pieces that reflect what the students have indicated as their areas of interest. The communications are updated and customized as the student moves through the recruitment cycle. The personalized communications reflect the individualized attention students receive at Cazenovia College. In addition, admissions counselors have access to their assigned students' information to engage with them on a more personalized level.

The following table shows trends in enrollment for the six years ended June 30, 2014 through 2019.

Fall Headcount Enrollment Trends

	Fall					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
First semester freshman	348	265	251	201	166	215
Readmit and transfers	44	51	40	35	39	42
Total new students	**392**	**316**	**291**	**236**	**205**	**257**
Full-time undergraduate	937	963	943	853	713	707
Part-time undergraduate	94	104	107	138	123	163
Part-time non-degree seeking	46	24	22	51	57	45
Total students	**1,077**	**1,091**	**1,072**	**1,042**	**893**	**915**

Recruitment for the Fall 2019 class is ahead of 2018 and pacing similarly to Fall 2015 when the College enrolled 291 first year students. Enrollment is ahead of plan for the College's new M.S. in Clinical Health Counseling. The two-year program has a 15-student cohort enrollment cap; the College's first year offering will see 10-12 students in the initial cohort. The College anticipates enrolling the maximum of 15 students going forward.

Applications, Acceptances and Matriculations

The following table shows the number of applications received, the number accepted for admission, the size of the entering freshman class, and the enrollment yield percentage of the accepted applicants for the classes entering in Fall 2013 through 2018.

Applications, Acceptances and Matriculations

	Class entering Fall					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
Applications	2,238	2,141	2,181	1,806	1,891	1,811
Acceptances	2,011	1,924	1,973	1,627	1,747	1,706
Acceptance Rate	90%	90%	90%	87%	92%	94%
Matriculations	392	316	291	236	205	257
Matriculation Rate	19.5%	16.4%	14.7%	14.5%	11.7%	15.1%

Current projections for the fall 2019 class are consistent with a new student enrollment increase of nearly 13% to an estimated 290 new students. The 2019 cycle-to-date is proving to be one of the most successful in recent history, already with the highest number of applicants (2,627) since 2013 and the most accepted students (1,977) since 2015. In both categories these numbers represent the second highest marks seen in the past decade.

Undergraduate Retention

The table below shows retention rates for the College's undergraduates.

Retention Rates			
Fall Cohort	**Freshman to Sophomore**	**Sophomore to Junior**	**Junior to Senior**
2011	70%	90%	98%
2012	57%	94%	98%
2013	68%	93%	95%
2014	72%	87%	99%
2015	73%	81%	92%
2016	68%	86%	93%*
2017	70%	90%*	-
2018	72%*	-	-

* *Estimated for students returning in Fall 2019.*

Enrollment Composition

The College drew 88% of its full-time undergraduate students from the State of New York in Fall 2018. Other states in the Northeast accounted for 7% of the full-time undergraduate students, with other states and international students accounting for 4% and 1% respectively.

The academic profile of entering freshman students remains slightly lower than the national average on the Scholastic Aptitude Test ("SAT"). The American College Test ("ACT") scores remain around the national average as shown by the data in the following table for the past five years, the latest period for which information is available:

College Test Scores Compared to National Averages						
	College Scores					
	SAT				**National Average Scores**	
Fall	**Verbal**	**Math**	**Total**	**ACT**	**SAT Total**	**ACT**
2013	491	491	982	21	1,010	20.7
2014	488	489	977	22	1,010	21.1
2015	485	486	971	21	1,006	21.1
2016	484	496	970	22	1,060	20.8
2017	485	478	963	21	1,083	21.0

Recent freshman classes have been consistent in academic quality with an average entering grade point average of 3.11 on a 4.0 scale for the Fall 2018 entering class. Of the entering class for Fall 2018, that latest class for which information is available, 5% were in the top 10% of their respective high school class.

High School class ranks for the Fall 2018 class, the latest class for which information is available, were as follows:

Fall 2018 Class High School Class Rank	
Quartile	**Percent**
Top	8%
2nd	22%
3rd	46%
4th	24%

Note: 39.70% of the 2018 cohort did not report a High School percentile.

Academic Outcomes

The following table sets forth the type and number of degrees completed by students at the College for each listed academic year, according to the Integrated Postsecondary Education Data System Completions Report.

Degree Completions by Academic Year			
Degree Type	**2015-16**	**2016-17**	**2017-18**
Certificates	29	34	20
Associate's Degree	5	1	3
Bachelor's Degree	213	282	214
Total Credentials	243	315	237
Total Completers	237	302	229

The following table sets forth the six year graduation rate for students who entered the College in Fall 2010, Fall 2011, and Fall 2012.

Six Year Graduation Rate		
2010	**2011**	**2012**
43%	54%	59%

TUITION, FEES, ROOM AND BOARD

The following table sets forth the tuition and fees, room and board charges by the College, and the total revenue from tuition and fees, room and board, for the most recent five fiscal years, and the current fiscal year.

Tuition, Fees, Room and Board by Year						
	Year ended June 30,					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Tuition and Fees	$29,410	$30,560	$31,754	$32,674	$33,654	$34,630
Room Charges	6,660	6,920	7,190	7,398	7,620	7,819
Board Charges	5,220	5,424	5,636	5,800	5,974	6,154
Total	**$41,290**	**$42,904**	**$44,580**	**$45,872**	**$47,248**	**$48,603**

The following table shows the College's tuition, fees, room and board charges compared against other colleges for which it competes for students.

Comparative Tuition, Fees, Room and Board Charges for 2019			
	Tuition and Fees	Room / Board Charges	Total
Cazenovia College	$34,630	$13,973	$48,603
Keuka College	$33,048	$12,144	$45,192
LeMoyne College	$34,625	$13,780	$48,405
St. John Fisher College	$35,090	$12,650	$47,740
Utica College	$22,112	$11,670	$33,782
Wells College	$30,900	$14,100	$45,000

STUDENT HOUSING

The College has a four-year undergraduate on-campus residency requirement. Students who live within a 35-mile radius of the campus are permitted to request the opportunity to live at home and commute to campus.

The College has 10 residential facilities; options include traditional corridor-style residence hall built double and triple rooms, single rooms, suites, and apartments. This variety and Village rental properties, which are typically cost prohibitive for students, makes campus housing attractive beyond the residency requirement, even for students within the 35-mile radius.

Graduate student housing is not currently available, however graduate student requests for individual housing can be submitted for Housing Office consideration. If appropriate space is available, accommodations for graduate students to live on campus are made.

The College has seen a decrease in demand for student housing. Management attributes the decline to a change in College policy waived the campus residence requirement for merit award commuter students that reside within a 35-mile radius of campus. Based on enrollment and housing demands through July 22, 2019, Management expects demand to remain constant for Fall 2019. The table below shows the number of students that resided in student housing each year as of Fall 2014 through Fall 2018.

College Housing Demand and Occupancy					
	Fall				
	2014	2015	2016	2017	2018
Full-Time Enrollment	963	943	843	713	707
Beds Occupied	901	843	773	622	605
Demand Rate	96%	89%	92%	87%	86%
Housing Capacity	920	920	920	766	720
Occupancy Rate	98%	92%	84%	81%	84%

FINANCIAL AID

Cazenovia College seeks to bridge the difference of the cost of education and a family's ability to pay. The Free Application for Federal Student Aid ("FAFSA") is required if a student is asking for consideration of need-based financial aid or a Federal loan. Over 67% of the College's institutional scholarship funds are used to recognize students' academic success.

Financial aid for full-time undergraduate students is given in the form of scholarships, grants, low-interest federal loans and federal Work-Study. Approximately 95% of students received aid in some form during 2018. The total amount of aid received by students in 2018, the latest year for which information is available, was approximately $27,701,406. Students also chose to borrow approximately $1,592,368 in private education loans. The following table lists financial aid by source for the fiscal years ended June 30, 2014 through 2018.

Financial Aid by Source

	Year ended June 30,				
Source	**2014**	**2015**	**2016**	**2017**	**2018**
Federally funded loans	$ 8,640,551	$ 8,677,699	$ 7,663,847	$ 6,541,333	$ 6,519,767
Federal / State grants	4,338,786	4,370,837	7,234,129	3,837,010	3,810,129
College funded	19,382,894	20,154,646	19,546,521	16,844,919	16,944,080
Student employment	296,250	237,500	235,625	223,750	223,125
Outside scholarships	162,953	210,680	265,571	204,306	204,305
Total	$ 32,823,448	$ 33,653,377	$ 34,947,709	$ 27,653,335	$ 27,701,406

* *Includes subsidized and unsubsidized Stafford loans and PLUS loans.*

For the fiscal year ended June 30, 2018, 87% of the College's undergraduate students demonstrated financial need. The average financial aid award including employment provided for these students was $21,622. For students receiving aid, the mean family income was $55,231. The mean Expected Family Contribution ("EFC") toward the education expense of those requiring financial aid was $3,108.

Irrespective of financial status, the College makes certain awards based on merit. These awards, along with education loans and on-campus employment, enabled approximately 95% of the College's students for 2018 academic year to receive some form of financial aid.

There is no assurance that the current level of federal, state or College assistance will be maintained in future years. Any change in the availability of financial aid from these sources could inhibit the College's ability to attract students from all socioeconomic groups. The College intends to hold constant the amount of aid it offers in the near future. The College, however, intends to reduce the rate of growth in financial aid as well as its percentage of the overall budget.

CERTAIN FINANCIAL INFORMATION

The following summaries and discussions of financial matters should be read in conjunction with the audited financial statements of the College for the fiscal years ended June 30, 2013, 2014, 2015, 2016, 2017 and 2018 which includes the related notes and the independent auditors' report and are included in Appendix B to this Limited Offering Memorandum. See Note 2 to the Financial Statements in Appendix B for a summary of significant accounting policies. Results for the fiscal year ended June 30, 2019 are Management prepared and unaudited. The revenue and expenditures of the College are maintained in accordance with Generally Accepted Accounting Principles ("GAAP"). Gifts and other resources of the College are maintained in accordance with the activities or objectives specified and separate accounts are maintained.

The College expects to implement Financial Accounting Standards Board Accounting Standards Codification Topic 842 regarding lease accounting in the fiscal year ended June 30, 2020. The financial statements for the fiscal year ended June 30, 2020 are expected include the financial statements for the year ended June 30, 2019, restated to reflect the lease accounting change.

The table on the following page presents the College's Statement of Unrestricted Activities for the six years ended June 30, 2014 through 2019.

Cazenovia College Statement of Unrestricted Activities						
	Fiscal year ended June 30,					
	2014	2015	2016	2017	2018	2019*
Operating revenue:						
Education and general -						
Tuition and fees	$ 27,937,371	$ 29,906,606	$ 30,694,972	$ 29,089,470	$ 24,932,450	$25,478,000
Less: Scholarship and grants	(17,496,075)	(19,257,185)	(20,194,011)	(19,499,841)	(16,704,913)	(17,076,000)
Net tuition and fees	10,441,296	10,649,421	10,500,961	9,589,629	8,227,537	8,402,000
Federal and State of New York grants and contracts	715,600	776,005	808,234	1,201,015	1,495,003	945,000
Private gifts, grants and contracts	170,126	187,673	305,660	290,266	723,933	450,000
Interest income	58,409	131,411	87,973	88,292	0	0
Investment spending formula allocated to operations	1,437,600	1,412,500	1,563,400	1,747,300	938,350	838,000
Auxiliary enterprises	10,468,337	11,165,402	11,206,272	10,485,782	8,651,341	8,640,000
Other revenues	54,755	80,674	91,214	80,862	552,360	145,000
Net assets released from restrictions	687,450	374,265	350,331	354,265	295,000	0
Total operating revenue	24,033,573	24,777,351	24,914,045	23,837,411	20,883,524	19,420,000
Operating expenses:						
Education and general -						
Instruction	9,519,644	9,726,776	10,025,136	9,810,655	9,043,849	8,791,000
Academic support	888,345	909,811	845,138	885,386	798,177	774,000
Student services	4,892,883	4,755,346	4,632,282	4,977,933	4,673,465	4,246,000
Institutional support	3,953,625	3,988,831	3,804,624	3,777,864	3,384,862	2,805,000
Auxiliary enterprises	5,645,308	5,924,411	5,742,888	5,797,269	5,288,166	5,310,000
Total operating expenses	24,899,805	25,305,175	25,050,068	25,249,107	23,188,519	21,926,000
Change in net assets from operating activities	(866,232)	(527,824)	(136,023)	(1,411,696)	(2,304,995)	(2,506,000)
Non-operating activities:						
Investment Return, net of operating	2,281,389	(1,198,375)	(1,758,958)	(497,500)	(941,420)	0
Capital campaign, net	(150,200)	(138,874)	(35,170)	0	0	0
Net assets released from restrictions	913,162	1,388,736	296,071	825,707	272,503	0
Change in net assets from non-operating activities	3,044,331	51,487	(1,498,057)	328,207	(668,917)	0
TOTAL CHANGE IN NET ASSETS	2,178,099	(476,337)	(1,634,080)	(1,083,489)	(2,973,912)	(2,506,000)
Net assets at beginning of year	31,411,209	33,589,308	33,112,971	31,478,891	30,395,402	27,421,490
Net assets at end of year	$ 33,589,308	$ 33,112,971	$ 31,478,891	$ 30,395,402	$ 27,421,490	$ 24,915,490

* *Management prepared and unaudited.*

The following table presents the College's Statement of Financial Position for the five years ended June 30, 2014 through 2018.

Cazenovia College Statement of Financial Position

	Fiscal year ended June 30,				
	2014	**2015**	**2016**	**2017**	**2018**
ASSETS					
ASSETS					
Cash and cash equivalents	$ 140,228	$ 142,444	$ 136,402	$ 252,372	$ 914,852
Accounts receivable, net	352,193	508,068	479,280	457,795	352,144
Pledges receivable, net	2,078,641	1,805,906	1,353,888	1,033,247	835,952
Other assets	965,706	654,897	725,334	342,497	378,433
Investments	29,699,937	28,748,884	27,216,892	20,072,815	17,537,657
College-sponsored investment	2,507,292	2,507,292	2,500,000	0	0
Property, plant and equipment, net	30,841,943	31,047,079	33,721,302	32,588,660	30,852,222
Total assets	$66,585,940	$65,414,570	$66,133,098	$54,747,386	$50,871,260
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	1,061,804	900,603	1,622,561	1,053,611	1,003,236
Lines of credit	4,109,823	6,116,557	4,542,215	2,291,621	5,120,878
Other liabilities	1,447,860	1,461,560	1,515,621	1,619,058	1,635,511
Borrowing	14,740,663	12,634,498	15,610,699	10,746,656	7,168,779
College-sponsored borrowing	2,507,292	2,507,292	2,500,000	0	0
Total liabilities	$23,867,442	$23,620,510	$25,791,096	$15,710,946	$14,928,404
NET ASSETS:					
Unrestricted	33,589,308	33,112,971	31,478,891	30,395,402	27,421,490
Temporarily restricted	3,754,707	3,181,615	3,153,099	2,861,672	2,638,091
Permanently restricted	5,374,483	5,499,474	5,710,012	5,779,366	5,883,275
Total net assets	$42,718,498	$41,794,060	$40,342,002	$39,036,440	$35,942,856
Total liabilities and net assets	$66,585,940	$,65,414,570	$66,133,098	$54,747,386	$50,871,260

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The following table presents the College's Management-prepared unaudited Statement of Financial Position for the Fiscal Year ended June 30, 2019, which is to be read in connection with the College's Statement of Unrestricted Activities for the Fiscal Year ended June 30, 2019.

Cazenovia College Statement of Financial Position	
	Fiscal Year ended June 30, 2019
ASSETS	
ASSETS:	
Cash and cash equivalents	$ 547,242
Accounts receivable, net	356,231
Investments, at fair value	15,732,842
Pledges receivable, net	851,544
Inventories and other assets	330,649
Property, plant, and equipment	29,171,168
Total assets	$ 46,989,676
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable and accrued expenses	$ 1,027,254
Debt and Line of Credit	11,148,082
Other liabilities	1,686,017
Capital Lease	24,657
Total liabilities	$ 13,886,010
NET ASSETS:	
Unrestricted	$ 28,254,945
Donor Restricted	4,848,721
Total net assets	$ 33,103,666
Total liabilities and net assets	$ 46,989,676

Donor restricted net assets in the above table represent a combination of temporarily restricted and permanently restricted net assets. In the Fiscal Year ended June 30, 2019, the College successfully worked with donors to reclassify approximately $3.77 million of donor-restricted funds to unrestricted.

Management's Discussion and Analysis

As explained in further detail below the College's operating performance declined in the three years ended June 30, 2017 through 2019. The negative performance was primarily driven by declines in new student enrollment; the College has responded by adjusting and improving its new student marketing and recruitment strategies which resulted in a 25% increase in new student enrollment in Fall 2018. At the same time, the College reviewed its operations and reduced or eliminated programs whose enrollment did not support the cost structure.

The College has also planned for the introduction of new programs, specifically receiving approval to offer a two-year MS in Clinical Mental Health Counselling degree for up to 30 students. The College continues to analyze and plan for the introduction of new "in-demand' programs at both the undergraduate and graduate level.

The College's initiatives have prepared it to succeed with a traditional undergraduate enrollment of 800 students, complemented by its graduate and non-degree seeking students. As shown in the table appearing within "FINANCIAL PROJECTIONS" below, the College projects to return to positive operating cash flow in 2020.

Fiscal Year Ended June 30, 2019

Losses from operating activities in the fiscal year ended June 30, 2019 amounted to $2,506,000 inclusive of depreciation and amortization charges, with an operating cash flow gain of $74,000. Notably, the College's marketing strategies continued to have a positive impact as the Fall 2018 freshmen enrollment increased to 257 from 204 in Fall 2017. Net tuition and fees were flat with the 2.9% increase in gross tuition and fees and a constant overall tuition discount rate to 67.3%. Revenue from auxiliary enterprises declined by 0.1% as 17 fewer students than 2018 lived in a residence hall. Declines in federal and state grants ($550,000), fundraising ($274,000), net assets released from restriction ($295,000) contributed to a decline in total operating revenue decrease of $1,464,000. The College does not include in its projections any future increases in federal and State grants or net assets released from restriction; it does include an increase in fundraising as it re-establishes connections with alumni, corporations and foundations that have supported the College in the past.

The recruitment of new students was assisted by the College's introduction of five new high demand majors, including two in Finance, one in Business Management, one in History, and a new Individual Studies program. These new programs were funded by the re-allocation of resources from low demand programs. The College amended its charter and received approval to offer its first graduate degree, a Master of Science in Clinical Mental Health Counseling, a program in great demand with area students and employers. It will enroll its first students in the Fall of 2019, with a projected 10 of maximum 15 possible students in the cohort.

Fiscal Year Ended June 30, 2018

Losses from operating activities in the fiscal year ended June 30, 2018 amounted to $2,306,255 with an operating cash flow gain of $231,000. Average undergraduate enrollment decreased to 693 students from 845 students for the prior year as the College graduated one of its largest classes in May 2017 and admitted a significantly smaller new cohort in Fall 2017. The College's efforts in focusing on reducing institutional financial aid and marketing focus on value, the College was able to limit its net tuition and fees decline to 14.2% against the 18.0% decline in total average undergraduate enrollment. The overall tuition discount rate steadied at 67.0%.

The College reduced its operating expenses by $2,061,000 (8.2%) in fiscal year 2018 over the fiscal year 2017. The College reduced instruction expenses by $767,000 (7.8%) as the College reduced and eliminated academic programs (such as Studio Art: Photography, Liberal Studies and Inclusive Adolescent Education programs in Biology, English and Social Studies) that had lower enrollments and larger negative financial margins, including reducing the number of full-time faculty to 53 from 58 the prior year. Full-time administrative and support staff employees decreased by 15 over prior year's levels.

The College refinanced debt coming due in December 2017 and a line-of-credit, through a liquidity access line with a private banking institution, where the College maintains a major portion of its investment portfolio. The line limit was established at $13 million and is collateralized by the investment portfolio, and the total available balance on the line is tied to investment asset class release percentages.

Fiscal Year Ended June 30, 2017

Losses from operating activities amounted to $1,371,118 with an operating cash flow gain of $1,732,000. Average full-time enrollment for the fiscal year ended June 30, 2017 decreased to 845 students from 917 students for the prior year. First-year enrollment fell to 201 in Fall 2016. Net tuition and fees per student declined; the College had engaged RNL during the year to address its enrollment trends, but the marketing strategies did not have time to impact Fall 2016 enrollment. The announcement of the Excelsior Scholarship Program pressured the College to increase its institutional funded financial aid; tuition discounting rose to 67.0% from 65.8% the prior year.

On March 1, 2017, the College pursuant to an agreement with its primary financial institution the College redeemed its outstanding Series 1999A Bonds and a separate mortgage loan, and refinanced its Series 2006A Bonds with a short-term note due in December in 2017.

Fiscal Year Ended June 30, 2016

The College had operating losses of $136,000 and generated operating cash flow of $2,611,000. Undergraduate enrollment declined slightly from its year earlier peak, as new student enrollment declined by 25 students in Fall 2015. Net tuition and fee revenue declined 1.4% from 2015 versus a 1.7% decline in average undergraduate enrollment. A 62.9% increase in fundraising and 10.7% increase in investment spending from the endowment boosted overall operating revenues by 0.6%.

The College managed its operating expenses to an 1.0% decline from the prior fiscal year.

The College invested more than $4,140,000 in the campus in 2016, including the completion of its Jephson Campus project, which included the completion of a second building that houses the College's newest academic space. The total cost of the project was approximately $3,950,000, funded through a combination of fundraising, unrestricted endowment and debt.

Fiscal Year Ended June 30, 2015

The College has an operating loss of $528,000 and operating cash flow of $2,082,000. Performance was driven my average undergraduate enrollment of 933, with new student enrollment of 316. Net tuition and fee revenue increased 2.0%, which, when combined with a 6.7% increase in auxiliary revenues, led to an operating revenue gain of 3.1%. Operating expenses increased 1.6%, with a $279,000 increase in auxiliary expenses (4.9%) and $207,000 increase in instruction expenses (2.2%) offset by a $138,000 decrease in student service expenses (-2.8%).

The College made more than $2,068,000 of capital investments (primarily the Jepshon Campus project) and paid down more than $2,100,000 of debt funded in combination from operating cash flow and a net draw on its line of credit of $2,007,000.

Investments and Liquidity

The College's Investment Funds and similar funds group include:

- Endowment Funds, which are permanently restricted by the donor as to the use of principal and income.
- Temporarily Restricted Endowment Funds, which are restricted only until a donor-imposed time period or use has been met.
- Unrestricted Endowment Fund, which are funds available at the discretion of the College.
- Annuity Funds, which include funds that are subject to the conditions of gift instruments. Those funds include assets donated to the College through deferred gift agreements (annuity and life income contracts). The assets received under these agreements pass to the College at the time of the death of the annuitant or life-income beneficiary.
- Undistributed net profit or loss from transactions in pooled securities.

The Endowment Funds are pooled into one professionally managed investment portfolio. Income available for use in the individual funds is limited to a fixed dollar spending level established by the Board of Trustees. The College policy is 5.0% of the average market value. The income that is made available is distributed to a specific account on the basis of units, which are assigned to the individual

Funds when the principal is received. The College has adopted a total return concept in making distributions from its Endowment Funds.

The table below provides the market value of the College's cash and investments, the College's days cash on hand and amounts made available for operations for the five years ended June 30, 2014 through 2018.

Expendable Liquidity and Days Cash on Hand

	As of June 30,					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Cash and equivalents	$ 140,228	$ 142,444	$136,402	$ 252,372	$ 914,852	$ 547,863
Investments	29,699,937	28,748,884	27,216,892	20,072,815	17,537,657	15,732,842
Total cash / investments	$29,840,165	28,891,328	27,353,294	20,325,187	18,452,509	16,280,705
Restricted Moneys*	(7,152,579)	(7,340,976)	(7,319,651)	(7,721,846)	(7,641,549)	(4,491,926)
Expendable liquidity	$22,687,586	$21,550,352	$20,033,643	$12,603,341	$10,810,960	$11,788,779
Cash operating expenses	$23,049,680	$23,369,796	$23,062,147	$22,871,856	$21,048,833	$19,826,000
Days cash on hand	359	337	317	201	187	217
Endowment spending	1,437,600	1,412,500	1,563,400	1,747,300	938,350	838,000
Spending rate	5.0%	5.4%	5.6%	6.0%	5.0%	5.0%

* *Defined as those funds that are donor-restricted to purposes other than the payment of operating expenses or debt service.*

The Endowment Funds of the College are managed by firm(s), selected by the Investment Committee of the Board, based on various criteria for the asset allocation discipline required. All allocation styles are measured against predetermined industry benchmarks.

In April 2019, the Board approved a shift in its investment policy, adjusting its allocation to 100% fixed income.

Budget Procedures

The Office of Finance and Administration prepares the College's annual operating budget. Major assumptions contributing to the budget include: tuition, fees, room and board charges, new student enrollment, student retention, financial aid expenditures, compensation, depreciation, debt service, and auxiliary operations. The budgets are submitted for approval to the Finance Committee and then for final approval to the Board of Trustees. The Board desires that the annual operating budget creates a cash basis surplus in order to cover annual recurring capital expenditures as approved.

Fundraising

For the five years ended June 30, 2014 through 2018 the College raised a total of $7.54 million in unrestricted and donor-restricted funds from alumni, foundations, corporations, current and past parents, employees, Board members and other "friends of the College." The table below provides fundraising for the five years ended June 30, 2014 through 2018, including the amount raised from alumni and the percentage of alumni participations.

Fundraising					
	Year ended June 30,				
	2014	2015	2016	2017	2018
Unrestricted	$ 289,548	$ 231,344	$ 292,192	$ 255,763	$ 637,803
Donor-restricted	1,654,135	1,044,120	1,063,187	971,042	1,103,424
Total	$ 1,943,683	$ 1,275,464	$ 1,355,379	$ 1,226,805	$ 1,741,227
Alumni giving	$200,795	$234,232	$257,032	$185,185	$512,016
Alumni participation	8.1%	14.2%	9.0%	8.9%	5.0%

While the College has more than 13,700 living alumni, the level of alumni support has, with the exception of a large realized bequest in 2018, remained fairly steady between $200,000 and $250,000 annually. The number of alumni donors did rise during the capital campaign that concluded in 2015 and the College has since seen a drop in that number – showing that the College is following a national trend for increased dollars but a decreasing donor base. Over the last year the College has begun the work necessary to rebuild its alumni network and annual giving efforts and, given the success of the College's recent "giving day", Management expects to see an uptick in alumni participation rates in 2020 compared to 2019.

Alumni contribute to a variety of projects on campus but the majority of the fundraising from alumni in 2018 was unrestricted ($370,293).

The College's last capital campaign was announced in 2011 with a goal of $10 million. The campaign concluded in 2015 having its goal, raising $10.8 million. The success of the capital campaign hinged upon the participation of local foundations. Prior to the campaign foundations annually contributed more than $150,000 to the College; during the campaign that number more than doubled.

Recently, the College has been working to rebuild some of the relationships with foundations that had been cultivated by previous staff members. The College has submitted two grant requests (one funded so far for $35,000 for scholarships) and been asked to submit two more to other foundations. Typically these grants are for capital projects or scholarships but occasionally they are for programming or lectures.

In the average year the College has one or two realized bequests. In 2018 the College realized a large bequest from an alumna for $312,771. Typically these gifts endow a scholarship ($25,000) or are restricted to specific programming. The College has increased its focus on planned giving and now sends quarterly newsletters to all alumni. This approach has already generated a number of leads for individual visits as well as two new documented bequests intentions.

The College solicits gifts through traditional annual giving mechanisms, targeted mailings for leadership donors, and individual solicitation by gift officers. Friends of the college and local businesses also provide sponsorships to the golf tournament, Jazz'n'Caz, student capstone events, and the annual fashion show.

Outstanding and Pro Forma Indebtedness

All of the College's outstanding long-term indebtedness and lines of credit will be refinanced by the Series 2019 Bonds.

Outstanding and Pro Forma Indebtedness			
	As of June 30,		
	2018	2019	Pro Forma
Capital lease	$ 168,779	$ 24,658	$ 0
Liquidity access line	5,120,878	3,937,127	0
Liquidity access note	7,000,000	7,000,000	0
Accrued interest	0	296,302	0
Series 2019 Bonds	0	0	24,920,000
Total	$12,289,657	$11,258,087	$24,920,000

Insurance

The College maintains comprehensive insurance coverage to protect its assets. Buildings and contents are insured on a replacement value basis with a $10,000 deductible. For the current policy year, campus buildings and content are insured for a blanket amount of $76,546,806. There are specific sub limits established within the policy for special circumstances. Examples include, and are not limited to, earth movement at $2,500,000 ($50,000 deductible) and flood at $2,500,000 ($50,000 deductible).

Business interruption insurance is carried that protects the College against loss of income for the actual loss sustained resulting from damage to real property and equipment at $6,933,000 per occurrence. Losses from employee dishonesty, computer fraud, and funds transfer fraud are insured up to $ 500,000 per occurrence.

Bodily injury and property damage liability coverage is provided under a commercial general liability policy with loss limits of $1,000,000 per occurrence and $2,000,000 in the aggregate and umbrella policies with occurrence and aggregate loss limits of $20,000,000. In addition, the College also purchases liability policies insuring exposures for broadcasting/media, law enforcement, cyber, pollution, foreign (including accident and sickness) fiduciary, workers' compensation, and kidnap and ransom. These policies and coverage limits are considered by the College to be similar to those carried by peer institutions.

Liability insurance for officers, Trustees, and educators legal is also carried per claim and aggregate amount of $ 21,000,000.

The College seeks to reduce its risks of liability and loss through a variety of preventive strategies. Through consultative engagements with risk management services that are broadly experienced in higher education, the College continually evaluates, manages and insures identified risks as appropriate.

Pension Plans

Most of the College's full-time employees are covered by individually owned annuity contracts purchased from Teachers Insurance and Annuity Association and College Retirement Equities Fund. College full-time faculty, administration and support staff are not required to participate in the plan, and become eligible after one year of service. The College also provides for voluntary participation in supplemental retirement savings program.

Retirement benefits are provided for the College's staff through Teachers Insurance and Annuity Association ("TIAA"), a national organization used to fund pension benefits for educational institutions. Under this arrangement, the College and plan participants make bi-weekly contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. The College's retirement contributions fluctuate. In June of 2016, the contribution dropped from 4% to 2%. The contribution remained at 2% until February 2017 at which time it dropped to 0%. On January 1, 2019, the College increased its contribution to 1% of regular gross wages. The College's cost of the contribution is approximately $100,000 for every 1%.

FINANCIAL PROJECTIONS

The following pages in this Appendix A include (i) a summary of certain financial information for the College for the fiscal years June 30, 2014 through 2019, and certain projections of financial information for the College for fiscal years ending June 30, 2020 through 2022, and (ii) historical and projected pro forma coverage ratios.

The summary information for the fiscal years ended June 30, 2014, 2015, 2016, 2017 and 2018 is based on the audited financial statements of the College for such fiscal years included as Appendix B hereto. Such audited financial statements included in Appendix B are an integral part hereof and should be read in their entirety.

The summary information for the fiscal year ended June 30, 2019 is based on the unaudited financial statements of the College for such fiscal year. Such unaudited financial statements have been prepared by management of the College and have not been examined or reviewed by Bonadio & Co., LLP or any other independent certified public accountant.

Management has compiled the financial projections for the College for each of the three fiscal years ending June 30, 2020 through 2022 (the "Projections") based on the assumptions of Management.

The Projections are based upon historical operation of, and forecasts for, the College and the College's assumptions regarding student enrollment and expenses. The Projections do not constitute a "Certified Financial Forecast" prepared in accordance with generally accepted accounting principles. No assurance can be given that the results described in the Projections will be achieved, or that there has been no change in underlying considerations since the date of this Limited Offering Memorandum. The College does not intend to update the Projections and, accordingly, there are risks inherent in using the Projections in the future as they become outdated. The Projections are only for the years ending June 30, 2029 through 2022 and do not cover the entire period during which the Series 2019 Bonds may be outstanding. The Underwriter has not independently verified the Projections, and makes no representations nor gives any assurances that such Projections, or the assumptions underlying them, are complete or correct.

No representation is made that the Projections will correspond with the results achieved in the future because there is no assurance that actual events will correspond with the assumptions made by the College. For example, the Projections make certain assumptions as to enrollment during the projection period. The College's actual future operations and financial condition may differ from those projected and actual future events and conditions may differ from those assumed by the College. Such differences may be material and adverse. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of changes in demographic trends, insufficient enrollment, or otherwise), and local and general economic conditions. See "RISK FACTORS" in this Limited Offering Memorandum.

The Projections have not been independently verified by any party other than Management. No feasibility studies have been conducted with respect to operations of the College pertinent to these financial projections or the Series 2016 Bonds.

The Projections constitute "forward-looking" statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See "INTRODUCTION – Caution Regarding Forward-Looking Statements" in this Limited Offering Memorandum. Although Management believes that the assumptions upon which these financial projections are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the College involve risks and uncertainties, many of which are outside of the College's control and any one of which, or a combination of which, could materially affect the College's results.

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Cazenovia College
Historic and Projected Cash Flow / Debt Service Coverage

Financial Results in ($000s)	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019[1]	6/30/2020	6/30/2021	6/30/2022
	Actual Fiscal Year Ended						Projected Fiscal Year Ended		
Freshman, Transfer and Readmit Enrollment-Full-time (Fall)	392	316	291	236	205	257	290	300	300
Retention Rate Freshman to Sophomore	73.0%	71.0%	73.0%	68.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Undergraduate Enrollment (Fall/Spring Average)	906	933	917	845	693	685	704	738	783
Graduate Enrollment	-	-	-	-	-	-	10	23	28
OPERATING PERFORMANCE									
Tuition and Fees	$ 27,937	$ 29,907	$ 30,695	$ 29,089	$ 24,932	$ 25,478	$ 26,873	$ 29,086	$ 31,684
(less scholarships and grants)	(17,496)	(19,257)	(20,194)	(19,500)	(16,705)	(17,076)	(17,850)	(18,981)	(20,423)
Net Tuition and Fees	10,441	10,649	10,501	9,590	8,228	8,402	9,022	10,104	11,260
Fed and State of NY Grants and Contracts	716	776	808	1,201	1,495	945	945	945	945
Private Gifts, Grants and Contracts	170	188	306	290	724	450	550	750	850
Interest Income	58	131	88	88	-	-	-	-	
Investment spending formula allocated to operations	1,438	1,413	1,563	1,747	938	838	838	838	838
Auxiliary enterprises	10,468	11,165	11,206	10,486	8,651	8,640	8,917	9,612	10,390
Other Revenues	55	81	91	81	552	145	38	38	38
Net Assets Released from Restriction	687	374	350	354	295	-	-	-	
Total Revenue Gains and Support	**24,034**	**24,777**	**24,914**	**23,837**	**20,884**	**19,420**	**20,310**	**22,287**	**24,321**
Instruction	9,520	9,727	10,025	9,811	9,044	8,791	9,137	9,272	9,320
Academic Support	888	910	845	885	798	774	800	804	807
Student Services	4,893	4,755	4,632	4,978	4,673	4,246	4,194	4,210	4,219
Institutional Support	3,954	3,989	3,805	3,778	3,385	2,805	2,370	2,614	2,685
Auxiliary Enterprises	5,645	5,924	5,743	5,797	5,288	5,310	6,463	6,553	6,635
Total Program Expenses	**24,900**	**25,305**	**25,050**	**25,249**	**23,189**	**21,926**	**22,964**	**23,453**	**23,666**
Operating Surplus (Deficit)	**(866)**	**(528)**	**(136)**	**(1,412)**	**(2,305)**	**(2,506)**	**(2,654)**	**(1,166)**	**655**
Depreciation	1,850	1,935	1,988	2,377	2,140	2,100	2,150	2,175	2,175
Interest	840	675	759	766	397	480	995	995	995
Operating Cash Flow Available for Debt Service	**$ 1,824**	**$ 2,082**	**$ 2,611**	**$ 1,732**	**$ 231**	**$ 74**	**$ 491**	**$ 2,004**	**$ 3,826**
PROPOSED PLAN OF FINANCE DEBT SERVICE RATIOS									
Pro Forma Debt Service [2] [3]	$ 1,437	$ 1,437	$ 1,437	$ 1,437	$ 1,437	$ 1,437	$ 1,437	$ 1,437	$ 1,437
Pro Forma Debt Service Coverage	1.27x	1.45x	1.82x	1.21x	0.16x	0.05x	0.34x	1.39x	2.66x

Notes:

[1] *Management prepared and unaudited.*

[2] *Equal to 12 months of interest on the Series 2019 Bonds.*

[3] *Total interest on the Series 2019 Bonds through maturity is funded at closing and held by the Bond Trustee.*

Key Assumptions for Projections

Revenue Drivers

- Based on trends in current cycle – greatest number of applications since 2013 and greatest number of acceptances since 2015 - the College forecasts first-year enrollment of 290 in Fall 2019, and 300 in Fall 2020 and Fall 2021.
- Graduate enrollment in the MS Clinical Mental Health Counselling is 10 in 2020, 23 in 2021 and 28 in 2022.
- Freshmen attrition rate of 20 students (fall to spring semester); other mid-year attrition rate of 11-20 students
- Freshmen to sophomore retention rate of 70%
- Increases in tuition, fees, room and board equal to 2.8% in 2020, 2.9% in 2021 and 2.8% in 2022
- Residence hall occupancy of 565 in 2020, 600 in 2021 and 646 in 2022
- Unrestricted fundraising of $550,000 in 2020, $750,000 in 2021 and $850,000 in 2022
- Investment income allocated to operations of $838,350 in 2020 through 2022

Expense Drivers

- Overall expenses increase 3.1% in 2020, 1.3% in 2021 and 0.9% in 2022
- Average increase in wage and benefits expense of 1.3% in 2020 through 2022
- Average food costs increase of 5.9% reflecting enrollment increases

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE COLLEGE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013, 2014, 2015, 2016, 2017 AND 2018

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CAZENOVIA COLLEGE

Financial Statements
as of June 30, 2018 and 2017
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

April 18, 2019

To the Board of Trustees of
Cazenovia College:

Report on the Financial Statements

We have audited the accompanying financial statements of Cazenovia College (the College) (a New York not-for-profit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cazenovia College as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Bonadio & Co., LLP

CAZENOVIA COLLEGE

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
ASSETS					
Cash and cash equivalents	$ 914,852	$ -	$ -	$ 914,852	$ 252,372
Accounts receivable, net	352,144	-	-	352,144	457,795
Pledges receivable, net	767,776	41,633	26,543	835,952	1,033,247
Other assets	378,433	-	-	378,433	342,497
Investments	9,896,108	1,784,817	5,856,732	17,537,657	20,072,815
Due to (from) other funds	(811,641)	811,641	-	-	-
Property, plant, and equipment, net	30,852,222	-	-	30,852,222	32,588,660
Total assets	$ 42,349,894	$ 2,638,091	$ 5,883,275	$ 50,871,260	$ 54,747,386
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	$ 1,003,236	$ -	$ -	$ 1,003,236	$ 1,053,611
Other liabilities	1,635,511	-	-	1,635,511	1,619,058
Lines-of-credit	5,120,878	-	-	5,120,878	2,291,621
Long-term debt	7,168,779	-	-	7,168,779	10,746,656
Total liabilities	14,928,404	-	-	14,928,404	15,710,946
NET ASSETS:					
Unrestricted	24,079,043	-	-	24,079,043	26,805,620
Board designated	3,342,447	-	-	3,342,447	3,589,782
Temporarily restricted (see Note 11)	-	2,638,091	-	2,638,091	2,861,672
Permanently restricted (see Note 11)	-	-	5,883,275	5,883,275	5,779,366
Total net assets	27,421,490	2,638,091	5,883,275	35,942,856	39,036,440
Total liabilities and net assets	$ 42,349,894	$ 2,638,091	$ 5,883,275	$ 50,871,260	$ 54,747,386

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Cash and cash equivalents	$ 252,372	$ -	$ -	$ 252,372
Accounts receivable, net	457,795	-	-	457,795
Pledges receivable, net	869,181	63,229	100,837	1,033,247
Other assets	342,497	-	-	342,497
Investments	12,350,969	2,043,317	5,678,529	20,072,815
Due to (from) other funds	(755,126)	755,126	-	-
Property, plant, and equipment, net	32,588,660	-	-	32,588,660
Total assets	$ 46,106,348	$ 2,861,672	$ 5,779,366	$ 54,747,386
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued expenses	$ 1,053,611	$ -	$ -	$ 1,053,611
Other liabilities	1,619,058	-	-	1,619,058
Lines-of-credit	2,291,621	-	-	2,291,621
Long-term debt	10,746,656	-	-	10,746,656
Total liabilities	15,710,946	-	-	15,710,946
NET ASSETS:				
Unrestricted	26,805,620	-	-	26,805,620
Board designated	3,589,782	-	-	3,589,782
Temporarily restricted	-	2,861,672	-	2,861,672
Permanently restricted	-	-	5,779,366	5,779,366
Total net assets	30,395,402	2,861,672	5,779,366	39,036,440
Total liabilities and net assets	$ 46,106,348	$ 2,861,672	$ 5,779,366	$ 54,747,386

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
Operating revenue:					
Educational and general -					
Tuition and fees	$ 24,932,450	$ -	$ -	$ 24,932,450	$ 29,089,470
Less: Scholarships and grants	(16,704,913)	-	-	(16,704,913)	(19,499,841)
Net tuition and fees	8,227,537	-	-	8,227,537	9,589,629
Federal and State of New York grants and contracts	1,495,003	-	-	1,495,003	1,201,015
Private gifts, grants, contracts	723,933	293,740	-	1,017,673	685,109
Interest income	-	-	-	-	88,292
Investment spending formula allocated to operations	938,350	-	-	938,350	1,747,300
Auxiliary enterprises	8,651,341	-	-	8,651,341	10,485,782
Other revenues	552,360	-	-	552,360	80,862
Net assets released from restrictions	295,000	(295,000)	-	-	-
Total operating revenue	20,883,524	(1,260)	-	20,882,264	23,877,989
Operating expenses:					
Educational and general -					
Instruction	9,043,849	-	-	9,043,849	9,810,655
Academic support	798,177	-	-	798,177	885,386
Student services	4,673,465	-	-	4,673,465	4,977,933
Institutional support	3,384,862	-	-	3,384,862	3,777,864
Auxiliary enterprises	5,288,166	-	-	5,288,166	5,797,269
Total operating expenses	23,188,519	-	-	23,188,519	25,249,107
Change in net assets from operating activities	(2,304,995)	(1,260)	-	(2,306,255)	(1,371,118)
Nonoperating activities:					
Investment Return, net of spending	(941,420)	15,246	-	(926,174)	(56,794)
Gifts	-	34,936	103,909	138,845	103,836
Capital campaign, net	-	-	-	-	18,514
Net assets released from restrictions	272,503	(272,503)	-	-	-
Change in net assets from nonoperating activities	(668,917)	(222,321)	103,909	(787,329)	65,556
TOTAL CHANGE IN NET ASSETS	(2,973,912)	(223,581)	103,909	(3,093,584)	(1,305,562)
Net assets at beginning of year	30,395,402	2,861,672	5,779,366	39,036,440	40,342,002
Net assets at end of year	$ 27,421,490	$ 2,638,091	$ 5,883,275	$ 35,942,856	$ 39,036,440

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Educational and general -				
Tuition and fees	$ 29,089,470	$ -	$ -	$ 29,089,470
Less: Scholarships and grants	(19,499,841)	-	-	(19,499,841)
Net tuition and fees	9,589,629	-	-	9,589,629
Federal and State of New York grants and contracts	1,201,015	-	-	1,201,015
Private gifts, grants, contracts	290,266	394,843	-	685,109
Interest income	88,292	-	-	88,292
Investment spending formula allocated to operations	1,747,300	-	-	1,747,300
Auxiliary enterprises	10,485,782	-	-	10,485,782
Other revenues	80,862	-	-	80,862
Net assets released from restrictions	354,265	(354,265)	-	-
Total operating revenue	23,837,411	40,578	-	23,877,989
Operating expenses:				
Educational and general -				
Instruction	9,810,655	-	-	9,810,655
Academic support	885,386	-	-	885,386
Student services	4,977,933	-	-	4,977,933
Institutional support	3,777,864	-	-	3,777,864
Auxiliary enterprises	5,797,269	-	-	5,797,269
Total operating expenses	25,249,107	-	-	25,249,107
Change in net assets from operating activities	(1,411,696)	40,578	-	(1,371,118)
Nonoperating activities:				
Investment return, net of spending	(497,500)	440,706	-	(56,794)
Gifts	-	34,482	69,354	103,836
Capital campaign, net	-	18,514	-	18,514
Net assets released from restrictions	825,707	(825,707)	-	-
Change in net assets from nonoperating activities	328,207	(332,005)	69,354	65,556
TOTAL CHANGE IN NET ASSETS	(1,083,489)	(291,427)	69,354	(1,305,562)
Net assets at beginning of year	31,478,891	3,153,099	5,710,012	40,342,002
Net assets at end of year	$ 30,395,402	$ 2,861,672	$ 5,779,366	$ 39,036,440

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,093,584)	$ (1,305,562)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	2,139,686	2,377,251
Accretion of asset retirement obligation	66,954	63,882
Restricted contributions for long-term investment	(103,909)	(87,868)
Net realized and unrealized (gain) loss on investments	187,892	(1,422,078)
Gain on sales of property, plant, and equipment	(487,524)	-
Net change in pledge discount	(3,039)	(8,891)
Bad debts	81,740	130,161
Changes in:		
Accounts receivable	30,911	(99,028)
Pledges receivable	(107,051)	21,754
Other assets	(35,936)	111,359
Accounts payable and accrued expenses	(14,439)	(165,201)
Other liabilities	(50,501)	39,555
Net cash flow from operating activities	(1,388,800)	(344,666)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(979,826)	(1,376,880)
Proceeds from the sales of property, plant, and equipment	1,028,166	-
Purchase of investments	(27,730,054)	(30,182,793)
Proceeds from the sales and maturities of investments	30,077,320	38,748,948
Net cash flow from investing activities	2,395,606	7,189,275
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(476,407)	(10,939,099)
Borrowings on long-term debt	-	6,075,056
Repayments on lines-of-credit	(12,596,355)	(21,498,014)
Draws on lines-of-credit	12,324,142	19,247,420
Restricted contributions for long-term investment	404,294	385,998
Net cash flow from financing activities	(344,326)	(6,728,639)
CHANGE IN CASH AND CASH EQUIVALENTS	662,480	115,970
CASH AND CASH EQUIVALENTS - beginning of year	252,372	136,402
CASH AND CASH EQUIVALENTS - end of year	$ 914,852	$ 252,372
SUPPLEMENTAL DATA - Cash paid for interest	$ 396,534	$ 766,492
SUPPLEMENTAL DATA - Purchases of property, plant, and equipment in accounts payable	$ 56,774	$ 92,710
SUPPLEMENTAL DATA - Refinance of long-term debt and line-of-credit	$ 12,601,470	$ -
SUPPLEMENTAL DATA - Forgiveness of College sponsored borrowing	$ -	$ 2,500,000

The accompanying notes are an integral part of these statements.

1. THE COLLEGE

Cazenovia College (the College) is an independent, co-educational, liberal arts college founded in 1824 and located in Cazenovia, New York. Its mission is to educate its students in the liberal arts and sciences and in professional fields so as to foster commitment to a life informed by intellectual, ethical, and aesthetic values; to develop skills necessary for the pursuit of a meaningful vocation; and to inspire dedication to the ideal of service in their communities. The College offers undergraduate and extended learning programs, and is primarily funded by tuition, auxiliary services revenue, and other student fees charged for programs offered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the College have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation
The College reports its net assets and changes therein according to three classes: unrestricted, temporarily restricted, and permanently restricted.

- **Unrestricted Net Assets**
  Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations and include board designated net assets, which represent net assets that have been designated by the College's Board of Trustees for specific purposes.

  Revenues from sources other than restricted contributions are generally reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets, based on donor designation.

  Gifts with a purpose or time restriction are reported as temporarily restricted, except when the restrictions are met in the same fiscal year in which the gifts are received, in which case the gift is reported within the unrestricted category.

  Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled, the stipulated time period has elapsed, and/or the board has appropriated earnings on permanently restricted endowment) that do not occur within the same period as revenue recognition are reported as releases from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

- **Temporarily Restricted Net Assets**
  Temporarily restricted net assets result from contributions received with explicit donor stipulations and from investment income and gains and losses on permanently restricted endowment funds that has not been appropriated for expenditure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- **Permanently Restricted Net Assets**
  Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity. The College is permitted to use or expend part or all of the income and gains derived from the donated assets, restricted only by the donors' wishes. Permanently restricted net assets consist of permanent endowment principal balances and pledges.

Operations

The statements of activities present the changes in net assets of the College from operating activities and from nonoperating activities. Operating revenues and expenses relate primarily to educational programs provided by the College. Utilization of investment income under the College's total return-spending policy is considered operating revenue.

Nonoperating activities consist primarily of investment income, capital gifts, and appreciation of long-term investments in excess of amounts utilized for operations.

Endowment Funds

The College's endowment was established by contributions from donors. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Fair Value Measurement - Definition and Hierarchy

The College uses various valuation techniques in determining fair value. The hierarchy for inputs used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the College. Unobservable inputs are inputs that reflect the College's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the College has the ability to access. Valuation adjustments are not applied to level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the College in determining fair value is greatest for instruments categorized in level 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement - Definition and Hierarchy (Continued)
In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level (level 3 being the lowest) input that is significant to the fair value measurement in its entirety.

Cash and Cash Equivalents
Cash and cash equivalents of $914,852 and $252,372 at June 30, 2018 and 2017, respectively, include amounts on deposit with financial institutions and other highly liquid investments, primarily cash management funds with an original maturity of three months or less. Certain cash and cash equivalent accounts are not insured if they exceed federal limits. The College has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable
Accounts receivable represent amounts due from students related to tuition and fees. The College records an allowance for doubtful accounts based on prior collection experience, current economic conditions and a review of specific accounts. Accounts for which no payments are received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate. Accounts receivable were reported net of an allowance for doubtful accounts of approximately $348,000 and $273,000 at June 30, 2018 and 2017, respectively.

Split-Interest Agreement
The College is a beneficiary of a charitable remainder unitrust. The College's beneficial interest is estimated using the present value of the projected fair market value, discounted using prevailing market rates and IRS published mortality rates. At the end of the unitrust, the remaining assets will become available to the College to provide scholarships for educational purposes.

Pledges Receivable
Pledges receivable represent amounts due to the College under the terms of unconditional promises to give. Payments to be received after June 30, 2018 are recorded at their estimated net present value using appropriate discount rates.

Investments
The College's investments include cash and cash equivalents, U.S. government securities, corporate bonds, mutual funds and exchange traded funds, common stock, and a limited partnership. Investments in cash and cash equivalents are stated at cost, which approximates fair value. Investments in U.S. government securities, corporate bonds, mutual funds and exchange traded funds, and common stock are stated at fair value. The College's investment in the limited partnership is stated at net asset value as a practical expedient for fair value.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term, and such changes could materially affect the amounts reported in the financial statements.

The College manages long-term investments using the total return concept. The endowment spending policy is designed to stabilize annual spending levels and to preserve the purchasing power of endowment assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment
Property, plant, and equipment are stated at cost or, in the case of gifts, fair value at the date of the gift, less accumulated depreciation. The cost and accumulated depreciation of property items sold or retired are eliminated from the accounts. Expenses for maintenance, repairs, and renewals of relatively minor items are not capitalized. The College's policy is to capitalize property and equipment purchases greater than $500.

Depreciation is computed using the straight-line method over the estimated useful lives of the asset. The estimated useful lives used in computing depreciation are as follows:

Land improvements	15 years
Buildings and improvements	15 - 40 years
Equipment	4 - 10 years
Other	5 - 20 years

Impairment of Long-Lived Assets
The College evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted cash flows are not expected to be sufficient to recover an asset's carrying amount, the asset is evaluated for impairment.

Deferred Giving Arrangements
The College receives donations under various deferred giving arrangements. Management evaluates these donations on a case-by-case basis to determine whether they meet the criteria for immediate recognition prescribed by generally accepted accounting principles.

Grants and Contracts
Revenue from grants and contracts is generally recognized as earned, as the related costs are incurred under the grant or contract agreement. Amounts received in advance are reported as deferred revenues.

Income Taxes
The Internal Revenue Service has determined and informed the College by a letter dated May 28, 1971 that the College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally tax-exempt on related income, pursuant to the appropriate sections of the Internal Revenue Code. Management does not believe that circumstances arising after the date of the Internal Revenue Service determination letter will affect the tax-exempt status of the College. The College has also been classified as an organization that is not a private foundation.

Functional Expenses
Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program is instruction. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of the primary program. Institutional support represents supporting services expenses.

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

3. FINANCIAL CONDITION

The financial statements have been prepared on the going concern basis, which assumes that the College will continue in operation for the foreseeable future. However, management has identified the following conditions and events that have created uncertainty about the ability of the College to continue as a going concern.

The College has sustained significant operating losses over the past several years. Losses from operating activities amounted to $2,306,255 and $1,371,118 for the years ended June 30, 2018 and 2017, respectively, inclusive of depreciation and amortization charges. Average full-time enrollment for the year ended June 30, 2018 decreased to 693 students from 845 students for the year ended June 30, 2017, and average enrollment is projected to decrease to 685 for the fiscal year to end June 30, 2019.

The following describes management's plans that alleviated substantial doubt about the College's ability to continue as a going concern.

Effective December 2017, the College recently refinanced its long-term debt and line-of-credit through a liquidity access line with a private banking institution, where the College maintains a major portion of its investment portfolio. The line limit is $13,000,000 and is collateralized by the investment portfolio, and the total available balance on the line is tied to investment asset class release percentages. Subsequent to year-end, the College converted $7,000,000 of the outstanding balance on the line to long-term debt, as further described in Note 10.

Additionally, subsequent to year-end, the College received consent from two donors to release all restrictions placed on the College's ability to use approximately $2,800,000 of funds included in temporarily and permanently restricted net assets at June 30, 2018, as further described in Note 11.

Management is in the process of mitigating future losses by pursuing new and expanded initiatives to increase revenues (inclusive of private gifts, sale of non-core assets, new graduate-level programs, community college degree offerings, and streamlined transfer pathways), continuing to control expenditures while improving student experience and retention at the College. Revenue increases will rely upon growth in future full-time enrollment and enhanced annual fundraising efforts. In the College's efforts to increase enrollment, they continue working with a nationally recognized student recruiting firm retained to assist the College and provide growth in generating student inquiries, leads, and applications. The firm is providing services for enhanced search strategies for students during their early high school years, improving efficiencies within the admissions process, and refining financial aid award strategies. Management has a number of initiatives in progress to build on the success of recruiting initiatives implemented in this past year. New full-time student enrollment for fall 2018 was 257, an increase of 25.40% over fall 2017.

The College will continue to increase alumni and donor engagement to increase annual giving programs. In addition, the College is in the process of increasing revenue by selling several properties adjacent to the College, valued at approximately $500,000.

Future financial stability of the College depends upon success of formulated and planned strategic actions.

4. ENDOWMENT

Endowment net asset composition by type of fund as of June 30, 2018 was as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 1,784,817	$ 5,883,275	$ 7,668,092
Total endowment funds	$ 1,784,817	$ 5,883,275	$ 7,668,092

Endowment net asset composition by type of fund as of June 30, 2017 was as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 2,043,317	$ 5,779,366	$ 7,822,683
Total endowment funds	$ 2,043,317	$ 5,779,366	$ 7,882,683

Changes in endowment net assets were as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - July 1, 2016	$ 1,825,544	$ 5,710,012	$ 7,535,556
Contributions	-	69,354	69,354
Investment return	440,706	-	440,706
Assets released from restriction	(222,933)	-	(222,933)
Endowment net assets - June 30, 2017	$ 2,043,317	$ 5,779,366	$ 7,822,683
Contributions	-	103,909	103,909
Investment return	15,246	-	15,246
Assets released from restriction	(273,746)	-	(273,746)
Endowment net assets - June 30, 2018	$ 1,784,817	$ 5,883,275	$ 7,668,092

Subsequent to year-end, the College received consent from two donors to release all restrictions placed on the College's ability to use approximately $2,800,000 of funds included in temporarily and permanently restricted net assets at June 30, 2018, as further described in Note 11.

Interpretation of Relevant Law
The Board of Trustees of the College has interpreted the applicable provisions of New York Not-for-Profit Corporation Law (Corporation Law) to mean that the classification of appreciation (depreciation) on permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends and gains and losses). Income is classified as temporarily restricted until appropriated by the Board for expenditure.

4. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor or law requires the College to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in temporarily restricted or unrestricted net assets. There were no funds with deficiencies at June 30, 2018 or 2017.

Return Objectives, Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in funds, some of which have regularly occurring schedules of dividend or interest income. The investments have varying levels of investment risk as it pertains to preservation of capital or appreciation in value of principal investment.

Strategies Employed for Achieving Objectives

The College's primary investment goal is the generation of maximum long term total return, net of fees on its assets, within levels of risk determined to be prudent by the Investment Committee (the Committee).

The overall financial objective of the College for its long term funds is to maintain their real (i.e. inflation-adjusted, net of fees) market value. Therefore, the over-arching goal of the fund is to earn, over the long term, a "total return" (income plus capital change, net of all investment expenses) equal to or exceeding any approved distribution rate (currently at 5.0%) as set by the Board of Trustees, plus the inflation rate measured by the Consumer Price Index.

In addition, as a goal, the Committee seeks to exceed net returns of a composite benchmark comprised of those indices identified by the Committee as most appropriate for the asset classes in which those portfolios are invested, weighted by the policy target allocation to each asset class. Furthermore, as a goal, the Committee seeks to earn such returns while incurring only a reasonable and prudent level of risk as codified in the target asset allocation and benchmark.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College makes earnings available for disbursement for an intended purpose as they become available. The Board of Trustees is notified of the funds available based on the total return policy. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity.

5. FAIR VALUE

The College's financial instruments recorded at fair value include investments and a split-interest agreement.

The valuation technique used to measure fair value for the College's investments in cash and cash equivalents, U.S. government securities, common stock, and mutual funds and exchange traded funds was based on quoted market prices, consistent with the market approach.

5. FAIR VALUE (Continued)

Fair value of the College's investments in corporate bonds was determined by entering standard inputs into a pricing model.

Fair value of the College's split-interest agreement is derived using the present value of the projected fair market value of the College's interest in the charitable remainder trust, discounted using prevailing market rates and IRS published mortality rates.

In 2018, the College adopted FASB Accounting Standards Update 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

There were no changes to the valuation techniques during 2018 and 2017.

The following were measured at fair value on a recurring basis at June 30, 2018:

Description	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and cash equivalents	$ 286,111	$ 286,111	$ -	$ -
U.S. government securities	5,009,890	5,009,890	-	-
Corporate bonds	2,485,004	-	2,485,004	-
Mutual funds and exchange traded funds	9,208,175	9,208,175	-	-
Split-interest agreement	239,786	-	239,786	-
	17,228,966	$ 14,504,176	$ 2,724,790	$ -
Investments valued using net asset value as a practical expedient	548,477			
	$ 17,777,443			

The following were measured at fair value on a recurring basis at June 30, 2017:

Description	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and cash equivalents	$ 6,347,014	$ 6,347,014	$ -	$ -
U.S. government securities	1,123,832	1,123,832	-	-
Corporate bonds	8,403	-	8,403	-
Common stock	1,492,720	1,492,720	-	-
Mutual funds and exchange traded funds	10,443,502	10,443,502	-	-
Split-interest agreement	228,370	-	228,370	-
	19,643,841	$ 19,407,068	$ 236,773	$ -
Investments valued using net asset value as a practical expedient	657,344			
	$ 20,301,185			

5. FAIR VALUE (Continued)

The College had the following investments that are valued using NAV at June 30, 2018:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited partnership	$ 548,477	$ 46,800	Ineligible	Ineligible

The College had the following investments that are valued using NAV at June 30, 2017:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited partnership	$ 657,344	$ 54,300	Ineligible	Ineligible

The College invests in Commonfund Capital Partners III, LP (the Partnership) for the purpose of providing an opportunity to invest in private limited partnerships, which in turn make venture capital investments primarily in emerging growth companies, domestic and international private equity investments with the objective of obtaining long term capital growth and in equity securities, warrants, or other options that are generally not actively traded at the time of investment. The Partnership commenced operations on June 30, 2005. The Partnership was scheduled to terminate on June 30, 2017, however, the General Partner extended the terms of the Partnership until June 30, 2020 in accordance with the provisions of the Partnership Agreement.

The fair value of this investment has been estimated using the NAV per share as a practical expedient as provided by the fund manager.

Management reviews the fair value measurement valuation policies and procedures, including those for level 3 recurring measurements. The College assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

6. INVESTMENTS

Investments consisted of the following at June 30:

	2018	2017
Cash and cash equivalents	$ 286,111	$ 6,347,014
U.S. government securities	5,009,890	1,123,832
Corporate bonds	2,485,004	8,403
Common stock	-	1,492,720
Mutual funds and exchange traded funds	9,208,175	10,443,502
Limited partnership	548,477	657,344
	$ 17,537,657	$ 20,072,815

6. **INVESTMENTS (Continued)**

The following represents the components of the College's return on investments and spending policy for the years ended June 30:

	2018	2017
Net realized and unrealized gain (loss) on investments	$ (187,892)	$ 1,422,078
Management and custodial fees	(54,121)	(94,812)
	(242,013)	1,327,266
Interest and dividends	254,189	363,240
Total return on investments	12,176	1,690,506
Less: Investment spending formula allocated to operations	(938,350)	(1,747,300)
Investment return, net of allocations to operations	$ (926,174)	$ (56,794)

Spending to support programs from net assets held for endowment and similar purposes is under a total return policy. The board approved a spending amount allocated to operations of 5.0% and 6.0% for the years ended June 30, 2018 and 2017, respectively. Amounts utilized under this policy are reported as investment spending formula allocated to operations in the accompanying Statements of Activities. To the extent the total return requirement for the current year is not fulfilled by interest and dividends, the College utilizes realized appreciation of the endowment and other net assets held for similar purposes.

7. **PLEDGES RECEIVABLE**

Pledges receivable are generated from various campaigns initiated by the College. Pledges receivable consisted of the following at June 30:

	2018	2017
Due in less than one year	$ 304,183	$ 419,081
Due in one to five years	317,727	407,579
	621,910	826,660
Less: Allowance for uncollectibles	(15,000)	(8,000)
Less: Present value discount	(10,744)	(13,783)
Add: Split-interest agreement	239,786	228,370
	$ 835,952	$ 1,033,247

8. PROPERTY, PLANT, AND EQUIPMENT

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

	2018	2017
Land and improvements	$ 2,398,675	$ 2,385,978
Buildings and improvements	51,517,957	51,970,412
Equipment	14,378,709	13,950,843
Construction in progress	39,712	29,762
Other	4,343,143	4,256,604
	72,678,196	72,593,599
Less: Accumulated depreciation	(41,825,974)	(40,004,939)
	$ 30,852,222	$ 32,588,660

Depreciation expense for the years ended June 30, 2018 and 2017 amounted to $2,139,686 and $2,105,774 respectively.

9. CONDITIONAL ASSET RETIREMENT OBLIGATIONS

Generally accepted accounting principles require that the liability for a conditional asset retirement obligation be recognized in the period in which a reasonable estimate can be made. The College has recognized conditional asset retirement obligations primarily related to asbestos contamination in buildings. A liability for conditional asset retirement obligations of $1,462,574 and $1,395,620 at June 30, 2018 and 2017, respectively, is recorded in the statements of financial position within other liabilities.

During the years ended June 30, 2018 and 2017, the College recorded accretion costs of $66,954 and $63,882, respectively, related to the accretion of the asset retirement obligation.

10. LINES-OF-CREDIT AND LONG-TERM DEBT

Lines-of-credit and long-term debt consisted of the following at June 30:

	Maturity Date	Interest Rate	2018	2017
Term note A	December 2017	3.68%	$ -	$ 1,625,845
Term note B	December 2017	2.88%	-	2,941,700
Refinancing note	December 2017	Variable	-	5,872,554
Capital lease	August 2019	4.54%	168,779	306,557
Line-of-credit	December 2017	Variable	-	2,291,621
Liquidity access line	None	Variable	5,120,878	-
Liquidity access note	October 2025	4.14%	7,000,000	-
			$ 12,289,657	$ 13,038,277

- ***Term Note A***

  The College had a term note from a financial institution. The College made monthly principal payments ranging from $3,605 to $72,500 as determined by the note agreement, along with interest at 3.68%. The note was collateralized by a majority of the College's investments, which could not fall below a minimum fair value. The term note was paid off in 2018.

  Debt issuance costs of $7,942 were being amortized over the life of the note agreement. Accumulated amortization was $7,942 at June 30, 2018 and 2017. Amortization expense amounted to $7,469 in 2017, and was included in interest expense.

- ***Term Note B***

  The College had a term note from a financial institution. The College made monthly principal payments ranging from $5,300 to $108,500 as determined by the note agreement, along with interest at 2.88%. The note was collateralized by a majority of the College's investments, which could not fall below a minimum fair value. The term note was paid off in 2018.

  Debt issuance costs of $7,942 were being amortized over the life of the note agreement. Accumulated amortization was $7,942 at June 30, 2018 and 2017. Amortization expense amounted to $7,942 in 2017, and was included in interest expense.

- ***Refinancing Note***

  In 2017, the College refinanced the Series 2006A Bond Payable utilizing a Refinancing Note, as amended, with a ten year amortization period which matured on December 15, 2017. This note carried a variable interest rate of one month LIBOR plus 2.75%. The refinancing note was paid off in 2018.

10. DEBT (Continued)

- ***Capital Lease***

  The College leases equipment under long-term lease agreements that have been accounted for as capital leases. Obligations under capital lease reflect the present value of the future rental payments, less the interest amount implicit in the lease. A corresponding amount is capitalized as equipment under the lease and amortized over the shorter of the lease term or the assets' useful life.

  Required future principal payments on the College's borrowing are summarized as follows at June 30, 2018:

  Fiscal Year Ending:

2019	$ 144,121
2020	24,658
	$ 168,779

- ***Line-of-Credit***

  At June 30, 2017, the College had a $2,500,000 line-of-credit available from a financial institution at an interest rate of overnight LIBOR plus 1.50%, subject to an interest rate floor of 3.00% through December 15, 2017. The College's interest rate on this line-of-credit was 3.1% at June 30, 2017. This line-of-credit was paid off and closed in 2018.

- ***Liquidity Access Line and Liquidity Access Note***

  In fiscal year 2018, the College entered into an agreement for a liquidity access line (the line) with a private banking institution where the College maintains a major portion of its investment portfolio with an initial advance limit of $13,000,000. As a result of this agreement, the College refinanced term note A in the amount of $1,599,715, term note B in the amount of $2,909,900, the refinancing note in the amount of $5,568,802, and the line-of-credit in the amount of $2,500,000. Legal costs of $6,223 incurred with the payoffs were expensed. The line carries a variable interest rate of 30 day LIBOR plus 1.00%, which was 3.10% at June 30, 2018.

  In fiscal year 2019, the College converted $7,000,000 of the outstanding balance on the line to a seven year, fixed-rate liquidity access note maturing in October 2025. Interest is payable annually commencing in October 2019 with a stated fixed rate of 4.14%.

  The note is classified as long-term debt in the statement of financial position. The remaining outstanding balance on the line, less the note, is classified as lines-of-credit in the statement of financial position.

All outstanding debt at June 30, 2017, except the capital lease, were collateralized by a first mortgage lien on five real properties and collateralized by the investment portfolio of cash equivalents or U.S. government securities equal to 110% of the total outstanding borrowings. The liquidity access line outstanding at June 30, 2018 is collateralized by an amount of the investment portfolio equal to the total amount outstanding on the line.

Interest expense for the years ended June 30, 2018 and 2017 amounted to $396,534 and $1,037,972, respectively.

11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The following were temporarily restricted net assets identified by their specific purposes at June 30:

	2018	2017
Scholarships	$ 1,863,312	$ 2,131,568
Construction and renovations	139,244	117,365
Capital campaign	248,767	188,968
Other purposes	386,768	423,771
	$ 2,638,091	$ 2,861,672

Temporarily restricted funds were released for the following purposes:

	2018	2017
Scholarships	$ 325,133	$ 219,562
Construction and renovations	58,345	42,562
Capital campaign	1,119	490,175
Other purposes	182,906	427,673
	$ 567,503	$ 1,179,972

The following were permanently restricted net assets identified by their specific purposes at June 30:

	2018	2017
Scholarships	$ 3,981,275	$ 3,926,200
Endowed Washburn Lecture	50,000	50,000
Faculty staff enrichment	102,000	102,000
Faculty endowed chair	1,750,000	1,701,166
	$ 5,883,275	$ 5,779,366

Subsequent to year end, the College received consent from two donors to release all restrictions placed on the College's ability to use various funds included in temporarily and permanently restricted net assets above. If the consent had been received prior to year-end, the College would have released $446,260 from temporarily restricted net assets for scholarships, $590,578 from permanently restricted net assets for scholarships, and $1,750,000 from permanently restricted net assets for faculty endowed chair.

12. RETIREMENT PLAN

The College participates in the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), which is a defined contribution plan for all eligible employees. The College and Plan participants make annual contributions, which are immediately vested for the benefit of the participants. The College's retirement contribution was 2% through December 31, 2016. Effective January 20, 2017, the College eliminated its retirement contribution. The College's contributions to TIAA and CREF were $108,928 for the year ended June 30, 2017.

13. COMMITMENTS

The College has several non-cancelable operating leases for facilities that expire at various dates through June 2024.

Future minimum payments under operating leases having lease terms in excess of one year are as follows at June 30:

2019	$ 524,460
2020	299,610
2021	252,000
2022	252,000
2023	252,000
Thereafter	197,400
	$ 1,777,470

14. FUNCTIONAL EXPENSES

The College educates its students in the liberal arts and sciences and in professional fields. Expenses related to providing these services were as follows:

	2018	2017
Program services	$ 19,803,657	$ 21,471,243
General and administrative	2,690,783	2,873,009
Fundraising	694,079	904,855
Total expenses	$ 23,188,519	$ 25,249,107

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 18, 2019, which is the date the financial statements were available to be issued.

Subsequent to year-end, the College converted $7,000,000 of the outstanding balance on its Liquidity Access Line to long-term debt, as further described in Note 10.

Subsequent to year-end, the College received consent from two donors to release all restrictions placed on the College's ability to use approximately $2,800,000 of funds included in temporarily and permanently restricted net assets at June 30, 2018, as further described in Note 11.

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

April 18, 2019

To the Board of Trustees of
Cazenovia College:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cazenovia College (the College), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 18, 2019.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

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CAZENOVIA COLLEGE

Financial Statements
as of June 30, 2016 and 2015
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

February 22, 2017

To the Board of Trustees of
Cazenovia College:

Report on the Financial Statements
We have audited the accompanying financial statements of Cazenovia College (the College) (a New York not-for-profit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Bonadio & Co., LLP

CAZENOVIA COLLEGE

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(With Comparative Totals for 2015)

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
ASSETS							
ASSETS:							
Cash and cash equivalents	$ 136,402	$ -	$ 136,402	$ -	$ -	$ 136,402	$ 142,444
Accounts receivable, net	449,961	29,319	479,280	-	-	479,280	515,360
Pledges receivable, net	327,332	-	327,332	810,651	215,905	1,353,888	1,805,906
Other assets	725,334	-	725,334	-	-	725,334	654,897
Investments	16,151,083	3,746,158	19,897,241	1,825,544	5,494,107	27,216,892	28,748,884
Due to (from) other funds	(516,904)	-	(516,904)	516,904	-	-	-
College sponsored investment	-	2,500,000	2,500,000	-	-	2,500,000	2,500,000
Property, plant, and equipment, net	33,721,302	-	33,721,302	-	-	33,721,302	31,047,079
Total assets	$ 50,994,510	$ 6,275,477	$ 57,269,987	$ 3,153,099	$ 5,710,012	$ 66,133,098	$ 65,414,570
LIABILITIES AND NET ASSETS							
LIABILITIES:							
Accounts payable and accrued expenses	$ 1,622,561	$ -	$ 1,622,561	$ -	$ -	$ 1,622,561	$ 907,895
Lines-of-credit	4,542,215	-	4,542,215	-	-	4,542,215	6,116,557
Other liabilities	1,515,621	-	1,515,621	-	-	1,515,621	1,461,560
Borrowing	15,610,699	-	15,610,699	-	-	15,610,699	12,634,498
College sponsored borrowing	2,500,000	-	2,500,000	-	-	2,500,000	2,500,000
Total liabilities	25,791,096	-	25,791,096	-	-	25,791,096	23,620,510
NET ASSETS:							
Unrestricted	25,203,414	-	25,203,414	-	-	25,203,414	26,500,103
Board designated	-	6,275,477	6,275,477	-	-	6,275,477	6,612,868
Temporarily restricted	-	-	-	3,153,099	-	3,153,099	3,181,615
Permanently restricted	-	-	-	-	5,710,012	5,710,012	5,499,474
Total net assets	25,203,414	6,275,477	31,478,891	3,153,099	5,710,012	40,342,002	41,794,060
Total liabilities and net assets	$ 50,994,510	$ 6,275,477	$ 57,269,987	$ 3,153,099	$ 5,710,012	$ 66,133,098	$ 65,414,570

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015
ASSETS						
ASSETS:						
Cash and cash equivalents	$ 142,444	$ -	$ 142,444	$ -	$ -	$ 142,444
Accounts receivable, net	508,068	7,292	515,360	-	-	515,360
Pledges receivable, net	449,608	-	449,608	1,114,571	241,727	1,805,906
Other assets	654,897	-	654,897	-	-	654,897
Investments	17,302,332	4,105,576	21,407,908	2,083,229	5,257,747	28,748,884
Due to (from) other funds	16,185	-	16,185	(16,185)	-	-
College sponsored investment	-	2,500,000	2,500,000	-	-	2,500,000
Property, plant, and equipment, net	31,047,079	-	31,047,079	-	-	31,047,079
Total assets	$ 50,120,613	$ 6,612,868	$ 56,733,481	$ 3,181,615	$ 5,499,474	$ 65,414,570
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	$ 907,895	$ -	$ 907,895	$ -	$ -	$ 907,895
Lines-of-credit	6,116,557	-	6,116,557	-	-	6,116,557
Other liabilities	1,461,560	-	1,461,560	-	-	1,461,560
Borrowings	12,634,498	-	12,634,498	-	-	12,634,498
College sponsored borrowings	2,500,000	-	2,500,000	-	-	2,500,000
Total liabilities	23,620,510	-	23,620,510	-	-	23,620,510
NET ASSETS:						
Unrestricted	26,500,103	-	26,500,103	-	-	26,500,103
Board designated	-	6,612,868	6,612,868	-	-	6,612,868
Temporarily restricted	-	-	-	3,181,615	-	3,181,615
Permanently restricted	-	-	-	-	5,499,474	5,499,474
Total net assets	26,500,103	6,612,868	33,112,971	3,181,615	5,499,474	41,794,060
Total liabilities and net assets	$ 50,120,613	$ 6,612,868	$ 56,733,481	$ 3,181,615	$ 5,499,474	$ 65,414,570

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Totals	2015 Totals
Operating revenue:							
Educational and general -							
Tuition and fees	$ 30,694,972	$ -	$ 30,694,972	$ -	$ -	$ 30,694,972	$ 29,899,365
Less: Scholarships and grants	(20,194,011)	-	(20,194,011)	-	-	(20,194,011)	(19,257,185)
Net tuition and fees	10,500,961	-	10,500,961	-	-	10,500,961	10,642,180
Federal and State of New York grants and contracts	808,234	-	808,234	-	-	808,234	776,005
Private gifts, grants, contracts	305,660	-	305,660	341,703	-	647,363	549,279
Interest income	-	87,973	87,973	-	-	87,973	131,411
Investment spending formula allocated to operations	1,563,400	-	1,563,400	-	-	1,563,400	1,412,500
Auxiliary enterprises	11,206,272	-	11,206,272	-	-	11,206,272	11,165,402
Net assets released from restrictions	350,331	-	350,331	(350,331)	-	-	-
Other revenues	91,214	-	91,214	-	-	91,214	80,674
Net assets released from Board designation	411,484	(411,484)	-	-	-	-	-
Total operating revenue	25,237,556	(323,511)	24,914,045	(8,628)	-	24,905,417	24,757,451
Operating expenses:							
Educational and general -							
Instruction	10,025,136	-	10,025,136	-	-	10,025,136	9,726,776
Academic support	845,138	-	845,138	-	-	845,138	909,811
Student services	4,632,282	-	4,632,282	-	-	4,632,282	4,755,346
Institutional support	3,804,624	-	3,804,624	-	-	3,804,624	3,988,831
Auxiliary enterprises	5,742,888	-	5,742,888	-	-	5,742,888	5,924,411
Total operating expenses	25,050,068	-	25,050,068	-	-	25,050,068	25,305,175
Change in net assets from operating activities	187,488	(323,511)	(136,023)	(8,628)	-	(144,651)	(547,724)
Nonoperating activities:							
Investment Return, net of spending	(1,745,078)	(13,880)	(1,758,958)	(25,214)	-	(1,784,172)	(1,101,227)
Gifts	-	-	-	50,338	126,865	177,203	63,458
Capital campaign, net	(35,170)	-	(35,170)	251,059	83,673	299,562	661,055
Net assets released from restrictions	296,071	-	296,071	(296,071)	-	-	-
Change in net assets from nonoperating activities	(1,484,177)	(13,880)	(1,498,057)	(19,888)	210,538	(1,307,407)	(376,714)
TOTAL CHANGE IN NET ASSETS	(1,296,689)	(337,391)	(1,634,080)	(28,516)	210,538	(1,452,058)	(924,438)
Net assets at beginning of year	26,500,103	6,612,868	33,112,971	3,181,615	5,499,474	41,794,060	42,718,498
Net assets at end of year	$ 25,203,414	$ 6,275,477	$ 31,478,891	$ 3,153,099	$ 5,710,012	$ 40,342,002	$ 41,794,060

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating revenue:						
Educational and general -						
Tuition and fees	$ 29,899,365	$ -	$ 29,899,365	$ -	$ -	$ 29,899,365
Less: Scholarships and grants	(19,257,185)	-	(19,257,185)	-	-	(19,257,185)
Net tuition and fees	10,642,180	-	10,642,180	-	-	10,642,180
Federal and State of New York grants and contracts	776,005	-	776,005	-	-	776,005
Private gifts, grants, contracts	194,914	-	194,914	354,365	-	549,279
Interest income	43,354	88,057	131,411	-	-	131,411
Investment spending formula allocated to operations	1,412,500	-	1,412,500	-	-	1,412,500
Auxiliary enterprises	11,165,402	-	11,165,402	-	-	11,165,402
Net assets released from restrictions	374,265	-	374,265	(374,265)	-	-
Other revenues	80,674	-	80,674	-	-	80,674
Net assets released from Board designation	522,194	(522,194)	-	-	-	-
Total operating revenue	25,211,488	(434,137)	24,777,351	(19,900)	-	24,757,451
Operating expenses:						
Educational and general -						
Instruction	9,726,776	-	9,726,776	-	-	9,726,776
Academic support	909,811	-	909,811	-	-	909,811
Student services	4,755,346	-	4,755,346	-	-	4,755,346
Institutional support	3,988,831	-	3,988,831	-	-	3,988,831
Auxiliary enterprises	5,924,411	-	5,924,411	-	-	5,924,411
Total operating expenses	25,305,175	-	25,305,175	-	-	25,305,175
Change in net assets from operating activities	(93,687)	(434,137)	(527,824)	(19,900)	-	(547,724)
Nonoperating activities:						
Investment return, net of spending	(1,257,837)	59,462	(1,198,375)	97,148	-	(1,101,227)
Gifts	-	-	-	33,371	30,087	63,458
Capital campaign, net	(138,874)	-	(138,874)	705,025	94,904	661,055
Net assets released from restrictions	1,388,736	-	1,388,736	(1,388,736)	-	-
Change in net assets from nonoperating activities	(7,975)	59,462	51,487	(553,192)	124,991	(376,714)
TOTAL CHANGE IN NET ASSETS	(101,662)	(374,675)	(476,337)	(573,092)	124,991	(924,438)
Net assets at beginning of year	26,601,765	6,987,543	33,589,308	3,754,707	5,374,483	42,718,498
Net assets at end of year	$ 26,500,103	$ 6,612,868	$ 33,112,971	$ 3,181,615	$ 5,499,474	$ 41,794,060

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,452,058)	$ (924,438)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,987,921	1,935,379
Accretion of asset retirement obligation	60,951	61,605
Restricted contributions for long-term investment	(545,270)	(830,016)
Net realized and unrealized loss on investments	779,268	194,664
Net change in pledge discount	(12,942)	(23,551)
Bad debts	51,967	25,000
Changes in:		
Accounts receivable	(7,887)	(211,361)
Pledges receivable	127,218	207,500
Other assets	(117,319)	264,400
Accounts payable and accrued expenses	243,503	(187,127)
Other liabilities	(6,890)	(47,905)
Net cash flow from operating activities	1,108,462	464,150
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(4,144,099)	(2,068,180)
Purchase of investments	(931,082)	(3,804,095)
Proceeds from the sales and maturities of investments	1,683,806	4,560,484
Proceeds from student loans	-	55,486
Net cash flow from investing activities	(3,391,375)	(1,256,305)
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(2,569,434)	(2,106,165)
Borrowings on long-term debt	5,545,635	-
Repayments on line-of-credit	(21,168,924)	(18,961,012)
Draws on line-of-credit	19,594,582	20,967,746
Restricted contributions for long-term investment	875,012	893,802
Net cash flow from financing activities	2,276,871	794,371
CHANGE IN CASH AND CASH EQUIVALENTS	(6,042)	2,216
CASH AND CASH EQUIVALENTS - beginning of year	142,444	140,228
CASH AND CASH EQUIVALENTS - end of year	$ 136,402	$ 142,444
SUPPLEMENTAL DATA:		
Cash paid for interest	$ 742,813	$ 674,557

NONCASH INVESTING ACTIVITIES TRANSACTIONS:
Included in accounts payable and accrued expenses at June 30, 2016 and 2015 is $496,459 and $25,296, respectively, of purchases of property, plant, and equipment.

The accompanying notes are an integral part of these statements.

1. THE COLLEGE

Cazenovia College (the College) is an independent, co-educational, liberal arts college founded in 1824 and located in Cazenovia, New York. Its mission is to educate its students in the liberal arts and sciences and in professional fields so as to foster commitment to a life informed by intellectual, ethical, and aesthetic values; to develop skills necessary for the pursuit of a meaningful vocation; and to inspire dedication to the ideal of service in their communities. The College offers undergraduate and extended learning programs, and is primarily funded by tuition, auxiliary services revenue, and other student fees charged for programs offered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the College have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation
The College reports its net assets and changes therein according to three classes: permanently restricted, temporarily restricted, and unrestricted.

- **Unrestricted Net Assets**
  Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations and include board designated net assets, which represent net assets that have been designated by the College's Board of Trustees for specific purposes.

  Revenues from sources other than restricted contributions are generally reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets, based on donor designation.

  Gifts with a purpose or time restriction are reported as temporarily restricted, except when the restrictions are met in the same fiscal year in which the gifts are received, in which case the gift is reported within the unrestricted category.

  Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled, the stipulated time period has elapsed, and/or the board has appropriated earnings on permanently restricted endowment) that do not occur within the same period as revenue recognition are reported as releases from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- **Temporarily Restricted Net Assets**
  Temporarily restricted net assets result from contributions received with explicit donor stipulations and from investment income and gains and losses on permanently restricted endowment that has not been appropriated for expenditure.

- **Permanently Restricted Net Assets**
  Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity. The College is permitted to use or expend part or all of the income and gains derived from the donated assets, restricted only by the donors' wishes. Permanently restricted net assets consist of permanent endowment principal balances and pledges.

Operations
The statements of activities present the changes in net assets of the College from operating activities and from nonoperating activities. Operating revenues and expenses relate primarily to educational programs provided by the College. Utilization of investment income under the College's total return-spending policy is considered operating revenue.

Nonoperating activities consist primarily of investment income, capital gifts, and appreciation from long-term investments in excess of amounts utilized for operations.

Endowment Funds
The College's endowment was established by contributions from donors. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Fair Value Measurement - Definition and Hierarchy
The College uses various valuation techniques in determining fair value. ASC Section 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the College. Unobservable inputs are inputs that reflect the College's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the College has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement - Definition and Hierarchy (Continued)
The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the College in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level (level 3 being the lowest) input that is significant to the fair value measurement in its entirety.

Cash and Cash Equivalents
Cash and cash equivalents of $136,402 and $142,444 at June 30, 2016 and 2015, respectively, include amounts on deposit with financial institutions and other highly liquid investments, primarily cash management funds with an original maturity of three months or less. Certain cash and cash equivalent accounts are not insured if they exceed federal limits. The College has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable
Accounts receivable represent amounts due from students related to tuition and fees. The College records an allowance for doubtful accounts based on prior collection experience, current economic conditions and a review of specific accounts. Accounts for which no payments are received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate. Accounts receivable were reported net of an allowance for doubtful accounts of approximately $988,000 and $944,000 at June 30, 2016 and 2015, respectively.

Charitable Remainder Unitrust
The College is a beneficiary of a charitable remainder unitrust. The College's beneficial interest is estimated using the present value of the projected fair market value, discounted using prevailing market rates and IRS published mortality rates. At the end of the unitrust, the remaining assets will become available to the College to provide scholarships for educational purposes.

Pledges Receivable
Pledges receivable represent amounts due the College under the terms of unconditional promises to give. Payments to be received after June 30, 2016, are recorded at their estimated net present value using appropriate discount rates.

Investments
The College's investments include cash, money market funds, certificates of deposit, government securities, U.S. preferred and common stocks, foreign equity funds, foreign bond funds, corporate bonds, a real estate securities fund and a limited partnership. Investments in cash and certificates of deposit are stated at cost, which approximates fair value. Investments in money market funds, government securities, U.S. preferred and common stocks, foreign equity funds, foreign bond funds, the real estate securities fund and the limited partnership are stated at fair value. The value of corporate bonds is determined by entering standard inputs into a pricing model. The value of publicly traded fixed income and equity securities is based upon quoted market prices and exchange rates. When fair market value for an alternative type investment is not readily ascertainable, it is estimated by the general partner or fund manager. The College reviews and evaluates the values provided by the general partner or fund managers and the valuation methods and assumptions used in determining fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term, and such changes could materially affect the amounts reported in the financial statements.

The College manages long-term investments using the total return concept. The endowment spending policy is designed to stabilize annual spending levels and to preserve the purchasing power of endowment assets.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or, in the case of gifts, fair value at the date of the gift, less accumulated depreciation. The cost and accumulated depreciation of property items sold or retired are eliminated from the accounts. Expenses for maintenance, repairs, and renewals of relatively minor items are not capitalized. The College's policy is to capitalize property and equipment purchases greater than $500.

Depreciation is computed using the straight-line method over the estimated useful lives of the asset. The estimated useful lives used in computing depreciation are as follows:

Land improvements	15 years
Building and major building improvements	20 - 40 years
Other building improvements	15 - 25 years
Equipment	4 - 10 years
Library books	10 - 20 years
Vehicles	5 years

Impairment of Long-Lived Assets

The College evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted cash flows are not expected to be sufficient to recover an asset's carrying amount, the asset is evaluated for impairment.

Deferred Giving Arrangements

The College receives donations under various deferred giving arrangements. Management evaluates these donations on a case-by-case basis to determine whether they meet the criteria for immediate recognition prescribed by generally accepted accounting principles.

Grants and Contracts

Revenue from grants and contracts is generally recognized as earned, as the related costs are incurred under the grant or contract agreement. Amounts received in advance are reported as deferred revenues.

Income Taxes

The Internal Revenue Service has determined and informed the College by a letter dated May 28, 1971 that the College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally tax-exempt on related income, pursuant to the appropriate sections of the Internal Revenue Code. Management does not believe that circumstances arising after the date of the Internal Revenue Service determination letter will affect the tax-exempt status of the College. The College has also been classified as an organization that is not a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. As of June 30, 2016 and 2015, the College did not have a liability for unrecognized tax benefits.

Functional Expenses
Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program is instruction. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of the primary program. Institutional support represents supporting services expenses.

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

Reclassification
Certain amounts reported in the statement of financial position for the year ended June 30, 2015 have been reclassified to reflect information and assumptions existing at June 30, 2016. These reclassifications had no effect on change in net assets or net assets as originally reported.

3. COLLEGE SPONSORED BORROWING

During fiscal year 2015, the College utilized unrestricted funds to put in place a College sponsored investment/borrowing through a board designation. The College withdrew $2,500,000 from the unrestricted portion of the investment portfolio, in exchange for a College sponsored 9 year repayment note, in which interest only, at a variable rate of the bank line of credit rate plus 0.5%, is to be paid for the first two years and then principal and interest is paid back using a 7 year amortization schedule starting on June 1, 2016. Principal payments will be due and payable semi-annually on June 1 and December 1. During fiscal year 2016, the Board of Trustees approved a change in the repayment schedule. The College will make interest only payments through June 2019. On July 1, 2019, the College will begin making principal and interest payments over a five year amortization schedule. Total interest paid under the terms of this agreement was $87,973 and $88,057 in 2016 and 2015, respectively.

4. ENDOWMENT

Endowment net asset composition by type of fund as of June 30, 2016 was as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 1,825,544	$ 5,710,012	$ 7,535,556
Total endowment funds	$ 1,825,544	$ 5,710,012	$ 7,535,556

4. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2015 was as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 2,083,229	$ 5,499,474	$ 7,582,703
Total endowment funds	$ 2,083,229	$ 5,499,474	$ 7,582,703

Changes in endowment net assets were as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - July 1, 2014	$ 2,229,318	$ 5,374,483	$ 7,603,801
Contributions	-	124,991	124,991
Investment return	97,148	-	97,148
Assets released from restriction	(243,237)	-	(243,237)
Endowment net assets - June 30, 2015	$ 2,083,229	$ 5,499,474	$ 7,582,703
Contributions	-	210,538	210,538
Investment return	(25,214)	-	(25,214)
Assets released from restriction	(232,471)	-	(232,471)
Endowment net assets - June 30, 2016	$ 1,825,544	$ 5,710,012	$ 7,535,556

Interpretation of Relevant Law
The Board of Trustees of the College has interpreted the applicable provisions of New York Not-for-Profit Corporation Law (Corporation Law) to mean that the classification of appreciation (depreciation) on permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends and gains and losses). Income is classified as temporarily restricted until appropriated by the Board for expenditure.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor or law requires the College to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in temporarily restricted or unrestricted net assets. There were no funds with deficiencies at June 30, 2016 or 2015.

Return Objectives, Risk Parameters
The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in funds, some of which have regularly occurring schedules of dividend or interest income. The investments have varying levels of investment risk as it pertains to preservation of capital or appreciation in value of principal investment.

4. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

The College's primary investment goal is the generation of maximum long term total return, net of fees on its assets, within levels of risk determined to be prudent by the Investment Committee (the Committee).

The overall financial objective of the College for its long term funds is to maintain their real (i.e. inflation-adjusted, net of fees) market value. Therefore, the over-arching goal of the fund is to earn, over the long term, a "total return" (income plus capital change, net of all investment expenses) equal to or exceeding any approved distribution rate (currently at 5.6%) as set by the Board of Trustees, plus the inflation rate measured by the Consumer Price Index.

In addition, as a goal, the Committee seeks to exceed net returns of a composite benchmark comprised of those indices identified by the Committee as most appropriate for the asset classes in which those portfolios are invested, weighted by the policy target allocation to each asset class. Furthermore, as a goal, the Committee seeks to earn such returns while incurring only a reasonable and prudent level of risk as codified in the target asset allocation and benchmark.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College makes earnings available for disbursement for an intended purpose as they become available. The Board of Trustees is notified of the funds available based on the total return policy. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity.

5. FAIR VALUE

The College's financial instruments recorded at fair value include investments and a split-interest agreement.

The valuation technique used to measure fair value for the College's investments in money market funds, government securities and government exchange traded funds, U.S. preferred and common stocks, foreign equity and bond funds was based on quoted market prices, consistent with the market approach.

Fair value of the College's investments in corporate bonds was determined by entering standard inputs into a pricing model.

Fair value of the College's investments in a real estate investment securities fund, which is audited as of June 30th every year, and the limited partnership funds, for which there are no readily determinable fair values, is derived based on estimated fair value using the net asset value (NAV) provided by the investee as of June 30th. The limited partnership's fair value is adjusted for cash receipts, cash disbursements, and significant known changes in market values.

Fair value of the College's split interest agreements are derived using the present value of the projected fair market value of the College's interest in charitable remainder trusts, discounted using prevailing market rates and IRS published mortality rates.

5. FAIR VALUE (Continued)

There were no changes to the valuation techniques during 2016 and 2015.

The following were measured at fair value on a recurring basis at June 30, 2016:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money market funds and cash	$ 1,014,707	$ -	$ -	$ 1,014,707
Certificates of deposit	50,995	-	-	50,995
Government securities and government exchange traded funds	6,556,699	-	-	6,556,699
U.S. preferred and common stocks	7,698,129	-	-	7,698,129
Foreign equity funds	5,521,538	-	-	5,521,538
Corporate bonds	-	2,186,885	-	2,186,885
Foreign bond funds	1,541,047	-	-	1,541,047
Real estate securities fund	-	1,802,724	-	1,802,724
Limited partnership	-	-	844,168	844,168
Split-interest agreements	-	210,867	-	210,867
Total	$ 22,383,115	$ 4,200,476	$ 844,168	$ 27,427,759

The following were measured at fair value on a recurring basis at June 30, 2015:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money market funds and cash	$ 472,920	$ -	$ -	$ 472,920
Certificates of deposit	78,804	-	-	78,804
Government securities and government exchange traded funds	6,911,072	-	-	6,911,072
U.S. preferred and common stocks	8,540,159	-	-	8,540,159
Foreign equity funds	6,279,658	-	-	6,279,658
Corporate bonds	-	2,037,791	-	2,037,791
Foreign bond funds	1,420,894	-	-	1,420,894
Real estate securities fund	-	1,946,797	-	1,946,797
Limited partnership	-	-	1,060,789	1,060,789
Split-interest agreements	-	217,302	-	217,302
Total	$ 23,703,507	$ 4,201,890	$ 1,060,789	$ 28,966,186

5. FAIR VALUE (Continued)

The following is a reconciliation of the beginning and ending balances for the College's assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Limited Partnership
Balance at June 30, 2014	$ 1,309,022
Additions	7,500
Distributions	(346,921)
Net appreciation in fair value of investments	91,188
Balance at June 30, 2015	1,060,789
Additions	3,750
Distributions	(228,464)
Net appreciation in fair value of investments	8,093
Balance at June 30, 2016	$ 844,168

Since the College uses third-party dealer quotes to estimate the fair value of its Level 3 investments, the valuation techniques and significant inputs used in recurring Level 3 fair value measurements of assets as of June 30, 2016 have not been provided.

The College had the following investments that are valued using NAV at June 30, 2016:

Commonfund	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited partnership	$ 844,168	$ 76,800	Quarter End	Ineligible
Real estate securities fund	$ 1,802,724	$ -	Month End	5 Business days

5. FAIR VALUE (Continued)

The College had the following investments that are valued using NAV at June 30, 2015:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commonfund				
Limited partnership	$ 1,060,789	$ 80,050	Quarter End	Ineligible
Real estate securities fund	$ 1,946,797	$ -	Month End	5 Business days

The College invests in the Commonfund limited partnership fund (the Partnership) for the purpose of providing an opportunity to invest in private limited partnerships, which in turn, make venture capital investments primarily in emerging growth companies, domestic and international private equity investments with the objective of obtaining long term capital growth and in equity securities, warrants, or other options that are generally not actively traded at the time of investment. The Partnership commenced operations on June 30, 2005. The Partnership is scheduled to end on or about June 30, 2017, unless terminated earlier or extended in accordance with the provisions of the Partnership Agreement.

The real estate securities fund objective is to offer an actively managed, multi-manager investment program that seeks to provide the benefits of a diversified real estate portfolio without the multi-year commitment typically associated with private real estate investment funds. The fund is designed to outperform its benchmark, the Wilshire Real Estate Securities Index, over a full market cycle while reducing risk through diversification of manager allocations. The fund seeks to achieve its investment objective by allocating its assets to managers who invest primarily in equity-oriented real estate investment trusts (REITs) and real estate operating companies (REOCs) that own and operate multi-family, commercial and retail properties, primarily in the United States. The fair values of these investments have been estimated using the NAV per share as provided by the fund manager.

Management reviews the fair value measurement valuation policies and procedures, including those for Level 3 recurring measurements. The College assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

6. INVESTMENTS

Investments consisted of the following at June 30:

	2016	2015
Money market funds and cash	$ 1,014,707	$ 472,920
Certificates of deposit	50,995	78,804
Government securities and government exchange traded funds	6,556,699	6,911,072
U.S. preferred and common stocks	7,698,129	8,540,159
Foreign equity funds	5,521,538	6,279,658
Corporate bonds	2,186,885	2,037,791
Foreign bond funds	1,541,047	1,420,894
Real estate securities fund	1,802,724	1,946,797
Limited partnership	844,168	1,060,789
	$ 27,216,892	$ 28,748,884

The following represents the components of the College's return on investments and spending policy for the years ended June 30:

	2016	2015
Net realized and unrealized loss on investments	$ (779,268)	$ (194,664)
Interest and dividends	685,724	610,680
Management and custodial fees	(127,228)	(104,743)
Allocation to operations	(1,563,400)	(1,412,500)
	$ (1,784,172)	$ (1,101,227)

Spending to support programs from net assets held for endowment and similar purposes is under a total return policy. The board approved a spending amount allocated to operations of 5.6% and 5.4% for the years ended June 30, 2016 and 2015, respectively. Amounts utilized under this policy are reported as long-term investment income and gains allocated for operations in the accompanying Statements of Activities. To the extent the total return requirement for the current year is not fulfilled by interest and dividends, the College utilizes realized appreciation of the endowment and other net assets held for similar purposes.

7. PLEDGES RECEIVABLE

Pledges receivable are generated from various campaigns initiated by the College. Pledges receivable consisted of the following at June 30:

	2016	2015
Due in less than one year	$ 528,178	$ 596,023
Due in one to five years	670,517	1,053,197
	1,198,695	1,649,220
Less: Allowance for uncollectibles	(33,000)	(25,000)
Less: Present value discount	(22,674)	(35,616)
Add: Charitable remainder unitrust	210,867	217,302
	$ 1,353,888	$ 1,805,906

8. PROPERTY, PLANT, AND EQUIPMENT

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

	2016	2015
Land and improvements	$ 2,385,978	$ 2,382,478
Buildings and improvements	47,690,548	47,278,909
Equipment	13,540,262	13,113,784
Construction in progress	3,884,560	257,513
Other	4,119,120	3,972,522
	71,620,468	67,005,206
Less: Accumulated depreciation	(37,899,166)	(35,958,127)
	$ 33,721,302	$ 31,047,079

Depreciation expense for the years ended June 30, 2016 and 2015 amounted to $1,941,039 and $1,888,970 respectively. Construction in progress represents a substantially complete academic space that was placed in service shortly after year-end.

9. CONDITIONAL ASSET RETIREMENT OBLIGATIONS

Generally accepted accounting standards require that the liability for a conditional asset retirement obligation be recognized in the period in which a reasonable estimate can be made. The College has recognized conditional asset retirement obligations primarily related to asbestos contamination in buildings. A liability for conditional asset retirement obligations of $1,331,738 and $1,346,236 at June 30, 2016 and 2015, respectively, is recorded in the statement of financial position within other liabilities.

During the years ended June 30, 2016 and 2015, the College recorded accretion costs of $60,951 and $61,605, respectively, related to the accretion of the asset retirement obligation. The College performed remediation work during 2016 reducing the asset retirement obligation by $75,449.

10. BORROWINGS

See Note 17 for changes to the College's borrowings that occurred after June 30, 2016.

Borrowings consisted of the following at June 30, 2016:

	Maturity Date	Interest Rate	2016	2015
Series 1999A Bond	June 2019	Variable	$ 2,595,000	$ 3,405,000
Series 2006A Bond	January 2027	4.84% for fiscal 2015; renegotiated to 2.23% in fiscal 2016.	6,436,051	6,914,816
Mortgage loan	July 2019	5.5%.	1,110,509	1,438,934
Capital lease	January 2017	48 monthly rent payments of $45,212.	268,368	790,460
Term note A	January 2023	3.68%	1,762,500	-
Term note B	July 2023	2.00% for fiscal 2016; locked in at 2.88% in fiscal 2017.	3,000,000	-
Term note C	August 2019	4.54%	438,271	-
Term note D	July 2016	4.50%	-	85,288
			$ 15,610,699	$ 12,634,498

- ***Series 1999A Bonds Payable***

  Bonds payable represent an obligation for a long-term lease with the Madison County Industrial Development Agency (MCIDA). The original principal on this lease, which has been accounted for as a capital lease, was $13,450,000. Accordingly, the related assets are included in the statement of financial position of the College. Similarly, an amount equivalent to the principal amount of the MCIDA's revenue bonds outstanding is included as a liability. The bonds require interest payments at a variable rate as determined weekly by a Remarketing Agent based on the prevailing financial market conditions of comparable revenue bonds or securities. While the bonds are not a debt to the College, the long-term lease obligates the College to payments equal to interest and amortization of such bonds and provides for the ultimate reversion of the properties to the College when the bonds have been fully retired. The bonds are collateralized by a first mortgage lien on related property and equipment as defined in the agreement.

  The College makes one principal payment annually through maturity in June 2019.

10. BORROWINGS (Continued)

- ***Series 1999A Bonds Payable (Continued)***

Bond issuance costs of $438,501 are being amortized over the life of the bond agreement. Accumulated amortization was $372,726 and $350,801 at June 30, 2016 and 2015. Unamortized bond closing costs totaled $65,775 and $87,700 at June 30, 2016 and 2015, respectively, and are included in other assets on the accompanying statements of financial position. Amortization expense amounted to $21,925 in 2016 and 2015. Estimated amortization expense is $21,925 for each of the remaining three fiscal years.

In connection with this capital lease obligation, a financial institution has issued a letter-of-credit, with a current principal amount of $2,595,000, which expires June 2017, and guarantees the College's obligation. The annual cost of the letter-of-credit was approximately $53,000 and $65,000, for the years ended June 30, 2016 and 2015, respectively. The letter-of-credit is collateralized by a first mortgage lien on related property and equipment as defined in the agreement.

- ***Series 2006A Bond Payable***

This series bond payable represents an obligation for a long-term lease also with the MCIDA. The lease has been accounted for as a capital lease. Accordingly, the related assets are included in the statement of financial position of the College. Similarly, an amount equivalent to the principal amount of the MCIDA's revenue bond outstanding is included as a liability. While the bond is not a debt of the College, the long-term lease obligates the College to payments equal to interest and amortization of the bond and provides for the ultimate reversion of the properties to the College when the bond has been fully retired. This bond series is collateralized by a first mortgage lien on related property and equipment, as defined in the agreement.

The College makes principal and interest payments monthly through maturity in January 2027.

Bond issuance costs of $311,932 and $295,732 at June 30, 2016 and 2015, respectively, are being amortized over the term of the bond agreement. Accumulated amortization was $150,672 and $135,881 at June 30, 2016 and 2015, respectively. Unamortized bond closing costs totaled $161,260 and $159,851 at June 30, 2016 and 2015, respectively, and are included in other assets on the accompanying statement of financial position. Amortization expense amounted to $14,791 in 2016 and 2015. Estimated amortization expense is $16,401 for each of the next five fiscal years.

- ***Mortgage Loan***

The College has a ten year mortgage payable from a financial institution with a fixed interest rate of 5.50%. The College makes monthly principal and interest payments of $33,380 through July 2019. This mortgage is secured by a first mortgage lien on thirteen real properties.

Loan costs of $96,934 are being amortized over the term of the mortgage agreement. Accumulated amortization was $67,851 and $58,158 at June 30, 2016 and 2015, respectively. Unamortized loan costs totaled $29,083 and $38,776 at June 30, 2016 and June 30, 2015, respectively and are included in the other assets on the accompanying statement of financial position. Amortization expense amounted to $9,693 in 2016 and 2015. Estimated amortization expense is $9,693 for each of the next five fiscal years.

10. BORROWINGS (Continued)

- ***Term Note A***

The College has a term note from a financial institution payable over seven year. The College makes monthly principal payments ranging from $3,605, to $72,500 as determined by the note agreement, along with accrued interest at 3.68% through January 2023. The note is collateralized by a majority of the College's investments, which cannot fall below a minimum fair value of $16,000,000.

Bond issuance costs of $7,942 are being amortized over the life of the note agreement. Accumulated amortization was $473 at June 30, 2016. Unamortized bond closing costs totaled $7,469 at June 30, 2016, and are included in other assets on the accompanying statements of financial position. Amortization expense amounted to $473 in 2016. Estimated amortization expense is $1,135 for each of the next five fiscal years.

- ***Term Note B***

The College has a term note from a financial institution payable over seven years. The College makes monthly principal payments ranging from $5,300 to $108,500 as determined by the note agreement, along with accrued interest at 2.00% for fiscal 2016 and 2.88% for fiscal 2017 through July 2023. The note is collateralized by a majority of the College's investments, which cannot fall below a minimum fair value of $16,000,000.

- ***Term Note C***

The College has a term note from a financial institution payable over four years. The College makes monthly principal and interest payments of $12,398 through August 2019. Equipment purchased with the proceeds from this note is collateral for the note.

- ***Term Note D***

The College had one term note from a financial institution with fixed payments over five years. The College makes monthly principal and interest payments of $6,710 through July 2016. The note was paid in full in June 2016. Equipment purchased with the proceeds from the notes is collateral for the notes.

The College leases equipment under long-term lease agreements that have been accounted for as capital leases. Obligations under capital lease reflect the present value of the future rental payments, less the interest amount implicit in the lease. A corresponding amount is capitalized as equipment under the lease and amortized over the shorter of the lease term or the assets' useful life.

10. BORROWINGS (Continued)

See Note 17 for revised payment schedule for changes to the borrowings that occurred after June 30, 2016.

Required future principal payments on the College's borrowing are summarized as follows at June 30, 2016:

Fiscal Year Ending:	Principal
2017	$ 2,321,509
2018	2,034,296
2019	2,096,430
2020	1,868,647
2021	1,995,084
Thereafter	5,294,733
	$ 15,610,699

Interest expense for the years ended June 30, 2016 and 2015 amounted to $742,813 and $674,557, respectively.

11. LINES-OF-CREDIT

See Note 17 for changes to the College's line-of-credit that occurred after June 30, 2016.

At June 30, 2016, the College has a $5,000,000 operating line-of-credit available from a financial institution at an interest rate of overnight LIBOR plus 1.5%, subject to an interest rate floor of 3%. For fiscal 2016, the College's interest rate on this line-of-credit was at the 3% floor. At June 30, 2015, the College had a $2,000,000 capital line-of-credit available from a financial institution at an interest rate of overnight LIBOR plus 1.5%, subject to an interest rate floor of 3%. This line was closed during fiscal 2016. The lines-of-credit are collateralized by a majority of the College's investments, which cannot fall below a minimum fair value of $16,000,000 and $12,500,000 at June 30, 2016 and 2015, respectively. At June 30, 2016 and 2015, the College had borrowings of $4,542,215 and $6,116,557, respectively, outstanding under these lines-of-credit, which are fully collateralized.

12. DEBT COVENANTS

The letter-of-credit for the 1999A series bonds, the 2006A bonds payable, the term notes and mortgage loans all require the College to comply with certain restrictive financial covenants including a debt coverage ratio, minimum unrestricted endowment assets compared to current maturities of borrowings, and student application and attendance minimum targets measured at year end. At June 30, 2016, the College was not in compliance with the required debt coverage ratio. In addition, as of October 1, 2016, the College was not in compliance with the minimum full time enrollment covenant. As discussed in Note 17, the Bank has waived these covenant violations.

13. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The following were temporarily restricted net assets identified by their specific purposes at June 30:

	2016	2015
Scholarships	$ 1,910,084	$ 2,143,999
Construction and renovations	119,566	125,212
Capital campaign	730,793	840,089
Other purposes	392,656	72,315
	$ 3,153,099	$ 3,181,615

The income from permanently restricted net assets is restricted for the following purposes:

	2016	2015
Scholarships	$ 4,815,181	$ 4,625,814
Endowed Washburn Lecture	144,831	123,660
Faculty endowed chair	750,000	750,000
	$ 5,710,012	$ 5,499,474

Net assets released from restrictions were used for scholarships, construction and renovations and other purposes during the years ended June 30, 2016 and 2015.

14. RETIREMENT PLAN

The College participates in the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), which is a defined contribution plan for all eligible employees. The College and Plan participants make annual contributions, which are immediately vested for the benefit of the participants. During the fiscal 2016, the College's retirement contribution was 2%. During fiscal 2015, the College's retirement contribution was 4%.The College's contributions to TIAA–CREF were $379,412 and $335,948 for the years ended June 30, 2016 and 2015, respectively.

15. COMMITMENTS

The College has several non-cancelable operating leases for facilities that expire at various dates through June 2024.

Future minimum payments under operating leases having lease terms in excess of one year are as follows at June 30:

2017	$ 573,460
2018	573,460
2019	524,460
2020	299,610
2021	252,000
Thereafter	701,400
	$ 2,924,390

16. FUNCTIONAL EXPENSES

The College educates its students in the liberal arts and sciences and in professional fields. Expenses related to providing these services were as follows:

	2016	2015
Program services	$ 21,245,444	$ 21,316,344
General and administrative	2,793,065	2,872,324
Fundraising	1,011,559	1,116,507
Total expenses	$ 25,050,068	$ 25,305,175

17. SUBSEQUENT EVENTS

On January 31, 2017, the College entered into an agreement with its primary financial institution to amend the terms of existing borrowings. As a result of this agreement, the College fully paid off the mortgage loan (original maturity date of July 2019) in the amount of $881,298. The College also refinanced the Series 2006A Bond Payable amounting to $6,075,056 (original maturity date of January 2021) utilizing a Refinancing Note with a ten year amortization period maturing on November 1, 2017. This note carries a variable interest rate of one month Libor plus 2.75%. The College will make nine monthly principal payments of $50,625 as determined by the note agreement, along with accrued interest and one final balloon payment of any remaining outstanding principal. Closing costs of $154,668 incurred will be amortized over the life of the note agreement. On March 1, 2017, the College is scheduled to redeem in full all outstanding Series 1999A Bonds Payable in the amount of $2,595,000 plus accrued interest. The letter of credit guaranteeing the College's obligation under this bond will terminate after the redemption. With respect to the $2 million Term Loan, the $3 million Term Loan and the Refinancing Note (the Term Notes), the maturity date was changed to November 1, 2017.

Effective January 31, 2017, the College's available operating line-of-credit was reduced to $2,500,000 through the term of the agreement November 1, 2017. As of February 22, 2017 the College had borrowings of $866,268 outstanding under this line-of-credit.

All outstanding debt is collateralized by a first mortgage lien on five real properties and collateralized by a portion of the investment portfolio of cash equivalents or U.S. Government Securities equal to 110% of the total outstanding borrowings.

The new agreement has various covenants to be measured during the remainder of the term associated with the borrowings throughout the forbearance period which ends November 1, 2017. The most restrictive covenants are as follows;

- maintain pledged investments of fixed income U.S. Government Securities or similar exchange traded funds or cash equivalents at or above 110% of principal balance outstanding on borrowings;
- minimum EBITDA of at least $1,200,000 measured at June 30, 2017;
- and maintain varying minimum unrestricted liquidity values measured monthly through October 2017.

17. SUBSEQUENT EVENTS

Required future principal payments on the College's borrowing are summarized as follows at January 31, 2017:

Fiscal Year Ending:	Principal
2017	$ 4,864,043
2018	10,746,656
	$ 15,610,699

The College is pursuing refinancing of borrowings with its current and other financial institutions.

The College satisfied necessary terms under this agreement required for the Bank to waive the default of the Debt Service Coverage covenant at June 30, 2016 and to waive the Minimum Full Time Student Enrollment covenant at October 1, 2016. This waiver was incorporated into the agreement.

Subsequent events have been evaluated through February 22, 2017, which is the date the financial statements were issued.

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

February 22, 2017

To the Board of Trustees of
Cazenovia College:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cazenovia College (the College), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

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CAZENOVIA COLLEGE

Financial Statements
as of June 30, 2014 and 2013
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 20, 2014

To the Board of Trustees of
Cazenovia College:

Report on the Financial Statements
We have audited the accompanying financial statements of Cazenovia College (the College) (a New York not-for-profit corporation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cazenovia College as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Bonadio & Co., LLP

CAZENOVIA COLLEGE

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(With Comparative Totals for 2013)

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 140,228	$ -	$ 140,228	$ -	$ -	$ 140,228	$ 156,697
Accounts receivable, net	352,193	-	352,193	-	-	352,193	706,212
Pledges receivable, net	658,557	-	658,557	968,862	451,222	2,078,641	2,453,150
Other assets	965,706	-	965,706	-	-	965,706	1,052,431
Investments	18,067,107	4,480,251	22,547,358	2,229,318	4,923,261	29,699,937	28,825,838
Due (to) from other funds	(556,527)	-	(556,527)	556,527	-	-	-
College sponsored investment	-	2,507,292	2,507,292	-	-	2,507,292	-
Property, plant, and equipment, net	30,841,943	-	30,841,943	-	-	30,841,943	30,985,993
Total assets	$ 50,469,207	$ 6,987,543	$ 57,456,750	$ 3,754,707	$ 5,374,483	$ 66,585,940	$ 64,180,321
LIABILITIES AND NET ASSETS							
LIABILITIES:							
Accounts payable and accrued expenses	$ 1,061,804	$ -	$ 1,061,804	$ -	$ -	$ 1,061,804	$ 984,349
Lines-of-credit	4,109,823	-	4,109,823	-	-	4,109,823	5,508,902
Other liabilities	1,447,860	-	1,447,860	-	-	1,447,860	1,385,389
Borrowing	14,740,663	-	14,740,663	-	-	14,740,663	16,857,049
College sponsored borrowing	2,507,292	-	2,507,292	-	-	2,507,292	-
Total liabilities	23,867,442	-	23,867,442	-	-	23,867,442	24,735,689
NET ASSETS:							
Unrestricted	26,601,765	-	26,601,765	-	-	26,601,765	27,252,602
Board designated	-	6,987,543	6,987,543	-	-	6,987,543	4,158,607
Temporarily restricted	-	-	-	3,754,707	-	3,754,707	3,796,730
Permanently restricted	-	-	-	-	5,374,483	5,374,483	4,236,693
Total net assets	26,601,765	6,987,543	33,589,308	3,754,707	5,374,483	42,718,498	39,444,632
Total liabilities and net assets	$ 50,469,207	$ 6,987,543	$ 57,456,750	$ 3,754,707	$ 5,374,483	$ 66,585,940	$ 64,180,321

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	$ 156,697	$ -	$ 156,697	$ -	$ -	$ 156,697
Accounts receivable, net	706,212	-	706,212	-	-	706,212
Pledges receivable, net	1,137,871	-	1,137,871	1,123,510	191,769	2,453,150
Other assets	1,052,431	-	1,052,431	-	-	1,052,431
Investments	19,167,902	4,158,607	23,326,509	1,454,405	4,044,924	28,825,838
Due to (from) other funds	(1,218,815)	-	(1,218,815)	1,218,815	-	-
Property, plant, and equipment, net	30,985,993	-	30,985,993	-	-	30,985,993
Total assets	$ 51,988,291	$ 4,158,607	$ 56,146,898	$ 3,796,730	$ 4,236,693	$ 64,180,321
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	$ 984,349	$ -	$ 984,349	$ -	$ -	$ 984,349
Lines-of-credit	5,508,902	-	5,508,902	-	-	5,508,902
Other liabilities	1,385,389	-	1,385,389	-	-	1,385,389
Borrowings	16,857,049	-	16,857,049	-	-	16,857,049
Total liabilities	24,735,689	-	24,735,689	-	-	24,735,689
NET ASSETS:						
Unrestricted	27,252,602	-	27,252,602	-	-	27,252,602
Board designated	-	4,158,607	4,158,607	-	-	4,158,607
Temporarily restricted	-	-	-	3,796,730	-	3,796,730
Permanently restricted	-	-	-	-	4,236,693	4,236,693
Total net assets	27,252,602	4,158,607	31,411,209	3,796,730	4,236,693	39,444,632
Total liabilities and net assets	$ 51,988,291	$ 4,158,607	$ 56,146,898	$ 3,796,730	$ 4,236,693	$ 64,180,321

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
Operating revenue:							
Educational and general -							
Tuition and fees	$ 27,937,371	$ -	$ 27,937,371	$ -	$ -	$ 27,937,371	$ 24,974,922
Less: Scholarships and grants	(17,496,075)	-	(17,496,075)	-	-	(17,496,075)	(14,352,538)
Net tuition and fees	10,441,296	-	10,441,296	-	-	10,441,296	10,622,384
Federal and State of New York grants and contracts	715,600	-	715,600	-	-	715,600	687,155
Private gifts, grants, contracts	170,126	-	170,126	318,465	121,927	610,518	628,679
Interest income	51,117	7,292	58,409	-	-	58,409	72,649
Long-term investment income and gains allocated for operations	1,437,600	-	1,437,600	-	-	1,437,600	1,464,000
Auxiliary enterprises	10,468,337	-	10,468,337	-	-	10,468,337	9,384,447
Net assets released from restrictions	687,450	-	687,450	(687,450)	-	-	-
Other revenues	54,755	-	54,755	-	-	54,755	291,919
Net assets released from Board designation	372,767	(372,767)	-	-	-	-	-
Total operating revenue	24,399,048	(365,475)	24,033,573	(368,985)	121,927	23,786,515	23,151,233
Operating expenses:							
Educational and general -							
Instruction	9,519,644	-	9,519,644	-	-	9,519,644	9,386,279
Academic support	888,345	-	888,345	-	-	888,345	814,433
Student services	4,892,883	-	4,892,883	-	-	4,892,883	4,754,167
Institutional support	3,953,625	-	3,953,625	-	-	3,953,625	4,275,513
Auxiliary enterprises	5,645,308	-	5,645,308	-	-	5,645,308	4,983,512
Total operating expenses	24,899,805	-	24,899,805	-	-	24,899,805	24,213,904
Change in net assets from operating activities	(500,757)	(365,475)	(866,232)	(368,985)	121,927	(1,113,290)	(1,062,671)
Nonoperating activities:							
Long-term investment income and gains, net	1,586,978	694,411	2,281,389	985,899	-	3,267,288	1,827,254
Unrealized gain on swap	-	-	-	-	-	-	198,426
Gifts	-	-	-	7,981	-	7,981	39,081
Capital campaign, net	(150,220)	-	(150,220)	246,244	1,015,863	1,111,887	63,727
Net assets released from restrictions	913,162	-	913,162	(913,162)	-	-	-
Asset transfer - board designation	(2,500,000)	2,500,000	-	-	-	-	-
Change in net assets from nonoperating activities	(150,080)	3,194,411	3,044,331	326,962	1,015,863	4,387,156	2,128,488
TOTAL CHANGE IN NET ASSETS	(650,837)	2,828,936	2,178,099	(42,023)	1,137,790	3,273,866	1,065,817
Net assets at beginning of year	27,252,602	4,158,607	31,411,209	3,796,730	4,236,693	39,444,632	38,378,815
Net assets at end of year	$ 26,601,765	$ 6,987,543	$ 33,589,308	$ 3,754,707	$ 5,374,483	$ 42,718,498	$ 39,444,632

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating revenue:						
Educational and general -						
Tuition and fees	$ 24,974,922	$ -	$ 24,974,922	$ -	$ -	$ 24,974,922
Less: Scholarships and grants	(14,352,538)	-	(14,352,538)	-	-	(14,352,538)
Net tuition and fees	10,622,384	-	10,622,384	-	-	10,622,384
Federal and State of New York grants and contracts	687,155	-	687,155	-	-	687,155
Private gifts, grants, contracts	213,647		213,647	216,098	198,934	628,679
Interest income	72,649	-	72,649	-	-	72,649
Long-term investment income and gains allocated for operations	1,464,000	-	1,464,000	-	-	1,464,000
Auxiliary enterprises	9,384,447	-	9,384,447	-	-	9,384,447
Net assets released from restrictions	359,985	-	359,985	(359,985)	-	-
Other revenues	119,432	-	119,432	172,487	-	291,919
Net assets released from Board designation	382,206	(382,206)	-	-	-	-
Total operating revenue	23,305,905	(382,206)	22,923,699	28,600	198,934	23,151,233
Operating expenses:						
Educational and general -						
Instruction	9,386,279	-	9,386,279	-	-	9,386,279
Academic support	814,433	-	814,433	-	-	814,433
Student services	4,754,167	-	4,754,167	-	-	4,754,167
Institutional support	4,275,513	-	4,275,513	-	-	4,275,513
Auxiliary enterprises	4,983,512	-	4,983,512	-	-	4,983,512
Total operating expenses	24,213,904	-	24,213,904	-	-	24,213,904
Change in net assets from operating activities	(907,999)	(382,206)	(1,290,205)	28,600	198,934	(1,062,671)
Nonoperating activities:						
Long-term investment income and gains, net	700,051	509,733	1,209,784	617,470	-	1,827,254
Unrealized gain on swap	198,426	-	198,426	-	-	198,426
Gifts	-	-	-	39,081	-	39,081
Capital campaign, net	(205,440)	-	(205,440)	269,167	-	63,727
Net assets released from restrictions	242,685	-	242,685	(242,685)	-	-
Change in net assets from nonoperating activities	935,722	509,733	1,445,455	683,033	-	2,128,488
TOTAL CHANGE IN NET ASSETS	27,723	127,527	155,250	711,633	198,934	1,065,817
Net assets at beginning of year	27,224,879	4,031,080	31,255,959	3,085,097	4,037,759	38,378,815
Net assets at end of year	$ 27,252,602	$ 4,158,607	$ 31,411,209	$ 3,796,730	$ 4,236,693	$ 39,444,632

The accompanying notes are an integral part of these statements.

CAZENOVIA COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,273,866	$ 1,065,817
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,850,125	1,812,221
Accretion of asset retirement obligation	58,779	56,083
Unrealized gain on swap	-	(198,426)
Restricted contributions for long-term investment	(1,432,275)	(558,492)
Net realized and unrealized gain on investments	(4,328,995)	(2,891,439)
Net change in pledge discount	(11,508)	(71,054)
Changes in:		
Accounts receivable	349,550	4,003
Pledges receivable	319,238	726,060
Other assets	40,316	(15,356)
Accounts payable and accrued expenses	77,456	369,585
Other liabilities	3,690	(55,085)
Net cash flow from operating activities	200,242	243,917
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(1,659,664)	(1,642,487)
Purchase of investments	(4,531,045)	(8,269,255)
Proceeds from the sales and maturities of investments	7,985,941	8,705,383
College sponsored investment	(2,500,000)	-
Proceeds from student loans	4,468	54,285
Proceeds from note receivable	-	22,703
Net cash flow from investing activities	(700,300)	(1,129,371)
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on long-term debt	-	2,019,721
Repayments of long-term debt	(2,116,386)	(1,987,953)
Repayments on line-of-credit	(19,891,326)	(21,484,861)
Draws on line-of-credit	18,492,247	21,578,285
Borrowings on college sponsored borrowing	2,500,000	-
Restricted contributions for long-term investment	1,499,054	724,277
Net cash flow from financing activities	483,589	849,469
CHANGE IN CASH AND CASH EQUIVALENTS	(16,469)	(35,985)
CASH AND CASH EQUIVALENTS - beginning of year	156,697	192,682
CASH AND CASH EQUIVALENTS - end of year	$ 140,228	$ 156,697
SUPPLEMENTAL DATA:		
Cash paid for interest	$ 839,690	$ 961,733

The accompanying notes are an integral part of these statements.

1. THE COLLEGE

Cazenovia College (the College) is an independent, co-educational, liberal arts college founded in 1824 and located in Cazenovia, New York. Its mission is to educate its students in the liberal arts and sciences and in professional fields so as to foster commitment to a life informed by intellectual, ethical, and aesthetic values; to develop skills necessary for the pursuit of a meaningful vocation; and to inspire dedication to the ideal of service in their communities. The College offers undergraduate and extended learning programs, and is primarily funded by tuition, auxiliary services revenue, and other student fees charged for programs offered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the College have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation
The College reports its net assets and changes therein according to three classes: permanently restricted, temporarily restricted, and unrestricted.

- **Unrestricted Net Assets**
  Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations and includes board designated net assets, which represent net assets that have been designated by the College's Board of Trustees for specific purposes.

  Revenues from sources other than restricted contributions are generally reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets, based on donor designation.

  Gifts with a purpose or time restriction are reported as temporarily restricted, except when the restrictions are met in the same fiscal year in which the gifts are received, in which case the gift is reported within the unrestricted category.

  Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled, the stipulated time period has elapsed, and/or the board has appropriated earnings on permanently restricted endowment) that do not occur within the same period as revenue recognition are reported as releases from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- **Temporarily Restricted Net Assets**
  Temporarily restricted net assets result from contributions received with explicit donor stipulations and from investment income and gains and losses on permanently restricted endowment that has not been appropriated for expenditure.

- **Permanently Restricted Net Assets**
  Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity. The College is permitted to use or expend part or all of the income and gains derived from the donated assets, restricted only by the donors' wishes. Permanently restricted net assets consist of permanent endowment principal balances and pledges.

Operations
The statements of activities present the changes in net assets of the College from operating activities and from nonoperating activities. Operating revenues and expenses relate primarily to educational programs provided by the College. Utilization of investment income under the College's total return-spending policy is considered operating revenue.

Nonoperating activities consist primarily of investment income, capital gifts, and appreciation from long-term investments in excess of amounts utilized for operations.

Endowment Funds
The College's endowment was established by contributions from donors. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Fair Value Measurement - Definition and Hierarchy
The College uses various valuation techniques in determining fair value. ASC Section 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the College. Unobservable inputs are inputs that reflect the College's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the College has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement - Definition and Hierarchy (Continued)

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the College in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level (level 3 being the lowest) input that is significant to the fair value measurement in its entirety.

Cash and Cash Equivalents

Cash and cash equivalents of $140,228 and $156,697 at June 30, 2014 and 2013, respectively, include amounts on deposit with financial institutions and other highly liquid investments, primarily cash management funds with an original maturity of three months or less. Certain cash and cash equivalent accounts are not insured if they exceed federal limits. The College has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from students related to tuition and fees. Accounts receivable also include notes receivable and loans receivable which amounted to $55,486 and $59,954 at June 30, 2014 and 2013, respectively. The College records an allowance for doubtful accounts based on prior collection experience and a review of specific accounts. Accounts for which no payments are received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate.

Pledges Receivable

Pledges receivable represent amounts due the College under the terms of unconditional promises to give. Payments to be received after June 30, 2014, are recorded at their estimated net present value using appropriate discount rates.

Investments

The College's investments include cash, money market funds, certificates of deposit, government securities, U.S. preferred and common stocks, foreign equity funds, foreign bond funds, corporate bonds, a real estate securities fund and a limited partnership. Investments in cash and certificates of deposit are stated at cost, which approximates fair value. Investments in money market funds, government securities, U.S. preferred and common stocks, foreign equity funds, foreign bond funds, corporate bonds, the real estate securities fund and the limited partnership are stated at fair value. The value of publicly traded fixed income and equity securities is based upon quoted market prices and exchange rates. When fair market value for an alternative type investment is not readily ascertainable, it is estimated by the general partner or fund manager. The College reviews and evaluates the values provided by the general partner or fund managers and agrees with the valuation methods and assumptions used in determining the fair value. Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term, and such changes could materially affect the amounts reported in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)
The College manages long-term investments using the total return concept. The endowment spending policy is designed to stabilize annual spending levels and to preserve the purchasing power of endowment assets.

Property, Plant, and Equipment
Property, plant, and equipment are stated at cost or, in the case of gifts, fair value at the date of the gift, less accumulated depreciation. The cost and accumulated depreciation of property items sold or retired are eliminated from the accounts. Expenses for maintenance, repairs, and renewals of relatively minor items are not capitalized. The College's policy is to capitalize property and equipment purchases greater than $500.

Depreciation is computed using the straight-line method over the estimated useful lives of the asset. The estimated useful lives used in computing depreciation are as follows:

Land improvements	15 years
Building and major building improvements	20-40 years
Other building improvements	15-25 years
Equipment	4-10 years
Library books	10-20 years
Vehicles	5 years

Impairment of Long-Lived Assets
The College evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted cash flows are not expected to be sufficient to recover an asset's carrying amount, the asset is evaluated for impairment.

Deferred Giving Arrangements
The College receives donations under various deferred giving arrangements. Management evaluates these donations on a case-by-case basis to determine whether they meet the criteria for immediate recognition prescribed by generally accepted accounting principles.

Grants and Contracts
Revenue from grants and contracts is generally recognized as earned, as the related costs are incurred under the grant or contract agreement. Amounts received in advance are reported as deferred revenues.

Income Taxes
The Internal Revenue Service has determined and informed the College by a letter dated May 28, 1971 that the College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally tax-exempt on related income, pursuant to the appropriate sections of the Internal Revenue Code. Management does not believe that circumstances arising after the date of the Internal Revenue Service determination letter will affect the tax-exempt status of the College. The College has also been classified as an organization that is not a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. As of June 30, 2014 and 2013, the College did not have a liability for unrecognized tax benefits. The College files tax returns in the U.S. federal jurisdiction and New York State. The College is no longer subject to U.S. federal and state income tax examinations by tax authorities for years through 2010.

Functional Expenses
Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program is instruction. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of the primary program. Institutional support represents supporting services expenses.

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

Reclassifications
Certain reclassifications have been made to the 2013 financial statements to conform to the current year presentation.

3. COLLEGE SPONSORED BORROWING

During fiscal year 2014, the College utilized unrestricted funds to put in place a College sponsored investment/borrowing through a board designation. The College withdrew $2,500,000 from the unrestricted portion of the investment portfolio, in exchange for a College sponsored 9 year repayment note, in which interest only, at a variable rate of the bank line of credit rate plus 0.5%, is to be paid for the first two years and then principal and interest is paid back using a 7 year amortization schedule starting on June 1, 2016. Principal payments will be due and payable semi-annually on June 1 and December 1 when commenced on June 1, 2016.

4. ENDOWMENT

Endowment net asset composition by type of fund as of June 30, 2014 was as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 2,229,318	$ 5,374,483	$ 7,603,800
Total endowment funds	$ 2,229,318	$ 5,374,483	$ 7,603,800

Endowment net asset composition by type of fund as of June 30, 2013 was as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 1,454,405	$ 4,236,693	$ 5,691,097
Total endowment funds	$ 1,454,405	$ 4,236,693	$ 5,691,097

Changes in endowment net assets were as follows:

Description	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – July 1, 2012	$ 1,034,059	$ 4,037,759	$ 5,071,818
Contributions	-	198,934	198,934
Investment return	617,470	-	617,470
Assets released from restriction	(197,124)	-	(197,124)
Endowment net assets – June 30, 2013	$ 1,454,405	$ 4,236,693	$ 5,691,098
Contributions	-	1,137,790	1,137,790
Investment return	985,899	-	985,899
Assets released from restriction	(210,986)	-	(210,986)
Endowment net assets - June 30, 2014	$ 2,229,318	$ 5,374,483	$ 7,603,801

Interpretation of Relevant Law
The Board of Trustees of the College has interpreted the applicable provisions of New York Not-for-Profit Corporation Law (Corporation Law) to mean that the classification of appreciation (depreciation) on permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends and gains and losses). Income is classified as temporarily restricted until appropriated by the Board for expenditure.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor or law required the College to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature were reported in temporarily restricted or unrestricted net assets. There were no funds with deficiencies at June 30, 2014 or 2013.

4. ENDOWMENT (Continued)

Return Objectives, Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in funds, some of which have regularly occurring schedules of dividend or interest income. The investments have varying levels of investment risk as it pertains to preservation of capital or appreciation in value of principal investment.

Strategies Employed for Achieving Objectives

The College's primary investment goal is the generation of maximum long term total return, net of fees on its assets, within levels of risk determined to be prudent by the Investment Committee.

The overall financial objective of the College for its long term funds is to maintain their real (i.e. inflation-adjusted, net of fees) market value. Therefore, the over-arching goal of the fund is to earn, over the long term, a "total return" (income plus capital change, net of all investment expenses) equal to or exceeding any approved distribution rate (currently at 5.0%) as set by the Board of Trustees, plus the inflation rate measured by the Consumer Price Index.

In addition, as a goal, the Committee seeks to exceed net returns of a composite benchmark comprised of those indices identified by the Committee as most appropriate for the asset classes in which those portfolios are invested, weighted by the policy target allocation to each asset class. Furthermore, as a goal, the Committee seeks to earn such returns while incurring only a reasonable and prudent level of risk as codified in the target asset allocation and benchmark.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College makes earnings available for disbursement for an intended purpose as they become available. The Board of Trustees is notified of the funds available based on the total return policy. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity.

5. FAIR VALUE

The College's financial instruments recorded at fair value include investments, an interest rate swap agreement, and a split-interest agreement.

The valuation technique used to measure fair value for the College's investments in money market funds, government securities and government exchange traded funds, U.S. preferred and common stocks, foreign equity and bond funds was based on quoted market prices, consistent with the market approach.

Fair value of the College's investments in corporate bonds was determined by entering standard inputs into a pricing model.

5. FAIR VALUE (Continued)

Fair value of the College's investments in a real estate investment securities fund, which is audited as of June 30th every year, and the limited partnership funds, for which there are no readily determinable fair values, is derived based on estimated fair value using the net asset value provided by the investee as of June 30th. The limited partnership's fair value is adjusted for cash receipts, cash disbursements, and significant known changes in market values.

Fair value of the College's interest rate swap contract was derived using the difference between the average value of LIBOR over all possible future interest rate environments, discounted as calculated by the bank, and the fixed interest rate at the stated rate in the swap agreement. The swap agreement expired June 1, 2013.

Fair value of the College's split interest agreements are derived using the present value of the projected fair market value of the College's interest in charitable remainder trusts, discounted using prevailing market rates and IRS published mortality rates.

The fair value of the College's financial instruments approximates the carrying amount reported in the statement of financial position for cash and cash equivalents and lines-of-credit due to their short-term nature and is considered Level 1.

The fair value of the College's long-term debt is based on current rates at which the College could borrow funds with similar remaining maturities and is considered Level 2. The estimated fair value of long-term debt at June 30, 2014 and 2013 approximates carrying value.

There were no changes to the valuation techniques during 2014 and 2013.

The following were measured at fair value on a recurring basis at June 30, 2014:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money market funds and cash	$ 1,128,197	$ -	$ -	$ 1,128,197
Certificates of deposit	179,642	-	-	179,642
Government securities and government exchange traded funds	7,739,007	-	-	7,739,007
U.S. preferred and common stocks	9,422,906	-	-	9,422,906
Foreign equity funds	4,604,498	-	-	4,604,498
Corporate bonds	-	2,003,325	-	2,003,325
Foreign bond funds	1,466,312	-	-	1,466,312
Real estate securities fund	-	1,847,028	-	1,847,028
Limited partnership	-	-	1,309,022	1,309,022
Split-interest agreements	-	221,933	-	221,933
Total	$ 24,540,562	$ 4,072,286	$ 1,309,022	$ 29,921,870

5. FAIR VALUE (Continued)

Assets and liabilities not measured at fair value, but for which fair value is disclosed as follows at June 30, 2014:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Series 1999A Bond	$ -	$ 4,190,000	$ -	$ 4,190,000
Series 2006A Bond	-	7,347,868	-	7,347,868
Mortgage loan	-	1,749,119	-	1,749,119
Capital lease	-	1,293,615	-	1,293,615
Term notes	-	160,061	-	160,061
Total	$ -	$ 14,740,663	$ -	$ 14,740,663

The following were measured at fair value on a recurring basis at June 30, 2013:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money market funds and cash	$ 467,598	$ -	$ -	$ 467,598
Certificates of deposit	309,289	-	-	309,289
Government securities and government exchange traded funds	9,394,605	-	-	9,394,605
U.S. preferred and common stocks	8,621,351	-	-	8,621,351
Foreign equity funds	3,797,942	-	-	3,797,942
Corporate bonds	-	1,921,465	-	1,921,465
Foreign bond funds	1,342,379	-	-	1,342,379
Real estate securities fund	-	1,632,809	-	1,632,809
Limited partnership	-	-	1,338,400	1,338,400
Split-interest agreements	-	256,853	-	256,853
Total	$ 23,933,164	$ 3,811,127	$ 1,338,400	$ 29,082,691

5. **FAIR VALUE (Continued)**

The following is a reconciliation of the beginning and ending balances for the College's assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Limited Partnership	Interest Rate Swap Agreement	Split-Interest Agreements	Total
Balance at July 1, 2012	$ 1,494,747	$ (198,426)	$ 244,603	$ 1,540,924
Additions	15,000	-	-	15,000
Distributions	(259,113)	-	-	(259,113)
Net deprecation in fair value of investments	87,766	-	-	87,766
Change in value of split interest agreements	-	-	12,250	12,250
Change in valuation of interest rate swap agreement	-	198,426	-	198,426
Transfer to level 2	-	-	(256,853)	(256,852)
Balance at June 30, 2013	1,338,400	-	-	1,338,400
Additions	30,000	-	-	30,000
Distributions	(278,478)	-	-	(278,478)
Net appreciation in fair value of investments	219,100	-	-	219,100
Balance at June 30, 2014	$ 1,309,022	$ -	$ -	$ 1,309,022

During year ended 2013, the College reclassified its split interest agreements previously held in Level 3 to Level 2 due to a change in management's assessment and clarification of the inputs being used to determine the fair value. The College's policy is to recognize reclassifications as of the end of the year in which the change arose.

Since the College uses third-party dealer quotes to estimate the fair value of its Level 3 investments, the valuation techniques and significant inputs used in recurring Level 3 fair value measurements of assets as of June 30, 2014 have not been provided.

The College had the following investments that are valued using net asset value at June 30, 2014:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commonfund				
Limited partnership	$ 1,309,022	$ 88,050	Quarter End	Ineligible
Real estate securities fund	$ 1,847,028	$ -	Month End	5 Business days

5. **FAIR VALUE (Continued)**

The College invests in the Commonfund limited partnership fund for the purpose of providing an opportunity to invest in private limited partnerships, which in turn, make venture capital investments primarily in emerging growth companies, domestic and international private equity investments with the objective of obtaining long term capital growth and in equity securities, warrants, or other options that are generally not actively traded at the time of investment. The Partnership commenced operations on June 30, 2005. The Partnership is scheduled to end on or about June 30, 2017, unless terminated earlier or extended in accordance with the provisions of the Partnership Agreement.

The real estate securities fund objective is to offer an actively managed, multi-manager investment program that seeks to provide the benefits of a diversified real estate portfolio without the multi-year commitment typically associated with private real estate investment funds. The fund is designed to outperform its benchmark, the Wilshire Real Estate Securities Index, over a full market cycle while reducing risk through diversification of manager allocations. The fund seeks to achieve its investment objective by allocating its assets to managers who invest primarily in equity-oriented real estate investment trusts (REITs) and real estate operating companies (REOCs) that own and operate multi-family, commercial and retail properties, primarily in the United States. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the fund manager.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring measurements. The College assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information

6. **INVESTMENTS**

Investments consisted of the following at June 30:

	2014	2013
Money market funds and cash	$ 1,128,197	$ 467,598
Certificates of deposit	179,642	309,289
Government securities and government exchange traded funds	7,739,007	9,394,605
U.S. preferred and common stocks	9,422,906	8,621,351
Foreign equity funds	4,604,498	3,797,942
Corporate bonds	2,003,325	1,921,465
Foreign bond funds	1,466,312	1,342,379
Real estate securities fund	1,847,028	1,632,809
Limited partnership	1,309,022	1,338,400
	$ 29,699,937	$ 28,825,838

6. INVESTMENTS (Continued)

The following represents the components of the College's return on investments and spending policy for the years ended June 30:

	2014	2013
Net realized and unrealized gain on investments	$ 4,328,995	$ 2,891,439
Interest and dividends	491,638	509,955
Management and custodial fees	(115,745)	(110,140)
Allocation to operations	(1,437,600)	(1,464,000)
	$ 3,267,288	$ 1,827,254

Spending to support programs from net assets held for endowment and similar purposes is under a total return policy. The board approved a spending amount allocated to operations of 5.0% for the years ended June 30, 2014 and 2013. Amounts utilized under this policy are reported as long-term investment income and gains allocated for operations in the accompanying Statements of Activities. To the extent the total return requirement for the current year is not fulfilled by interest and dividends, the College utilizes realized appreciation of the endowment and other net assets held for similar purposes.

7. RECEIVABLES

Accounts receivable consist of student accounts and various miscellaneous receivables. Accounts receivable were reported net of an allowance for doubtful accounts of approximately $909,000 and $890,000 at June 30, 2014 and 2013, respectively.

8. PLEDGES RECEIVABLE

Pledges receivable are generated from various campaigns initiated by the College. Pledges receivable consisted of the following at June 30:

	2014	2013
Due in less than one year	$ 673,371	$ 854,873
Due in one to five years	1,242,504	1,484,148
	1,915,875	2,339,021
Less: Allowance for uncollectibles	-	(72,049)
Less: Present value discount at 5%	(59,167)	(70,675)
Add: Charitable remainder unitrust	221,933	256,853
	$ 2,078,641	$ 2,453,150

9. PROPERTY, PLANT, AND EQUIPMENT

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

	2014	2013
Land and improvements	$ 2,231,065	$ 2,231,065
Buildings and improvements	45,254,942	45,161,713
Equipment	12,531,205	12,033,674
Construction in progress	1,108,017	129,764
Other	3,785,871	3,695,217
	64,911,100	63,251,433
Less: Accumulated depreciation	(34,069,157)	(32,265,440)
	$ 30,841,943	$ 30,985,993

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to $1,803,716 and $1,765,812 respectively.

10. CONDITIONAL ASSET RETIREMENT OBLIGATIONS

United States of America generally accepted accounting standards require that the fair value of a liability for a conditional asset retirement obligation be recognized in the period in which a reasonable estimate of fair value can be made. The College has recognized conditional asset retirement obligations primarily related to asbestos contamination in buildings. A liability for conditional asset retirement obligations of $1,284,631 and $1,225,852 at June 30, 2014 and 2013, respectively, is recorded in the statement of financial position within other liabilities.

During the years ended June 30, 2014 and 2013, the College recorded accretion costs of $58,779 and $56,083, respectively related to the accretion of the asset retirement obligation.

11. BORROWINGS

Borrowings consisted of the following at June 30:

	Maturity Date	Interest Rate	2014	2013
Series 1999A Bond	June 2019	Variable	$ 4,190,000	$ 4,955,000
Series 2006A Bond	January 2027	4.84%, the rate resets to 65% of LIBOR plus 2.25% in 2017.	7,347,868	7,760,251
Mortgage loan	July 2019	5.96%, the rate resets in 2014, with a floor of 5.5%.	1,749,119	2,034,534
Capital Lease	January 2017	48 monthly rent payments of $45,212.	1,293,615	1,748,449
Term note	June 2014	4.20%	-	127,308
Term note	July 2016	4.50%	160,061	231,507
			$ 14,740,663	$ 16,857,049

- ***Series 1999A Bonds Payable***

  Bonds payable represent an obligation for a long-term lease with the Madison County Industrial Development Agency (MCIDA). The original principal on this lease, which has been accounted for as a capital lease, was $13,450,000. Accordingly, the related assets are included in the statement of financial position of the College. Similarly, an amount equivalent to the principal amount of the MCIDA's revenue bonds outstanding is included as a liability. The bonds require interest payments at a variable rate as determined weekly by a Remarketing Agent based on the prevailing financial market conditions of comparable revenue bonds or securities. While the bonds are not a debt to the College, the long-term lease obligates the College to payments equal to interest and amortization of such bonds and provides for the ultimate reversion of the properties to the College when the bonds have been fully retired. The bonds are collateralized by a first mortgage lien on related property and equipment as defined in the agreement.

  The College makes one principal payment annually through maturity in June 2019.

  Bond issuance costs of $438,501 are being amortized over the life of the bond agreement. Accumulated amortization was $328,876 and $306,951 at June 30, 2014 and 2013. Unamortized bond closing costs totaled $109,625 and $131,550 at June 30, 2014 and 2013, respectively, and are included in other assets on the accompanying statements of financial position. Amortization expense amounted to $21,925 in 2014 and 2013. Estimated amortization expense is $21,925 for each of the next five fiscal years.

11. BORROWINGS (Continued)

In connection with this capital lease obligation, a financial institution has issued a letter-of-credit, with a current principal amount of $4,248,454, which expires June 2015, and guarantees the College's obligation. The annual cost of the letter-of-credit was approximately $65,000 and $77,000, for the years ended June 30, 2014 and 2013, respectively. The letter-of-credit is collateralized by a first mortgage lien on related property and equipment as defined in the agreement.

- ***Series 2006A Bond Payable***

This series bond payable represents an obligation for a long-term lease also with the MCIDA. The lease has been accounted for as a capital lease. Accordingly, the related assets are included in the statement of financial position of the College. Similarly, an amount equivalent to the principal amount of the MCIDA's revenue bond outstanding is included as a liability. While the bond is not a debt of the College, the long-term lease obligates the College to payments equal to interest and amortization of the bond and provides for the ultimate reversion of the properties to the College when the bond has been fully retired. This bond series is collateralized by a first mortgage lien on related property and equipment, as defined in the agreement.

The College makes principal and interest payments monthly through maturity in January 2027.

Bond issuance costs of $295,732 are being amortized over the term of the bond agreement. Accumulated amortization was $121,090 and $106,299 at June 30, 2014 and 2013, respectively. Unamortized bond closing costs totaled $174,642 and $189,433 at June 30, 2014 and 2013, respectively, and are included in other assets on the accompanying statement of financial position. Amortization expense amounted to $14,791 in 2014 and 2013. Estimated amortization expense is $14,791 for each of the next five fiscal years.

- ***Mortgage Loan***

The College has a ten year mortgage payable from a financial institution with a five year fixed interest rate of 5.96%. The College makes monthly principal and interest payments of $33,380 until July 2014. This mortgage is secured by a first mortgage lien on thirteen real properties.

Loan costs of $96,934 are being amortized over the term of the mortgage agreement. Accumulated amortization was $48,465 and $38,772 at June 30, 2014 and 2013, respectively. Unamortized loan costs totaled $48,469 and $58,162 at June 30, 2014 and June 30, 2013, respectively and are included in the other assets on the accompanying statement of financial position. Amortization expense amounted to $9,693 in 2014 and 2013. Estimated amortization expense is $9,693 for each of the next five fiscal years.

- ***Term Notes***

The College has one term note from a financial institution with fixed payments over five years. The College makes monthly principal and interest payments of $6,710 through July 2016. Equipment purchased with the proceeds from the notes is collateral for the notes.

11. BORROWINGS (Continued)

- ***Term Notes* (Continued)**

  Required future principal payments on the College's borrowing are summarized as follows at June 30:

Fiscal Year Ending June 30:	Principal
2015	$ 2,099,145
2016	2,186,023
2017	1,934,915
2018	1,729,759
2019	1,802,499
Thereafter	4,988,322
	$ 14,740,663

Interest expense for the years ended June 30, 2014 and 2013 amounted to $839,690 and $961,733, respectively.

12. LINES-OF-CREDIT

The College has a $5,000,000 operating line-of-credit and a $2,000,000 capital line-of-credit available from a financial institution at an interest rate of overnight LIBOR plus 1.5%, subject to an interest rate floor of 3%. For fiscal 2014, the College's interest rate on these lines-of-credit was at the 3% floor. The lines-of-credit are collateralized by a majority of the College's investments, which cannot fall below a minimum fair value of $12,500,000. At June 30, 2014 and 2013, respectively, the College had borrowings of $4,109,823 and $5,508,902 outstanding under these lines-of-credit, which are fully collateralized.

13. DEBT COVENANTS

The letter-of-credit for the 1999A series bonds, the 2006A bonds payable, the term notes and mortgage loans all require the College to comply with certain restrictive financial covenants including a debt coverage ratio, minimum unrestricted endowment assets compared to current maturities of borrowings, and student application and attendance minimum targets measured at year end. In a letter dated December 21, 2012, the Bank agreed to amend the minimum required spring semester enrollment level from 850 students to 800 students for the June 30, 2014 and 2013 measurement dates. The minimum required debt service coverage ratio is 1.0 to 1.0 at the June 30, 2014 measurement date. At June 30, 2014, the College was not in compliance with the required debt coverage ratio and in a letter dated November 17, 2014, the Bank waived this requirement. The College was in compliance with the remaining covenants at June 30, 2014.

14. INTEREST RATE SWAP AGREEMENT

In 2003, the College entered into an interest rate swap agreement on the Series 1999A MCIDA bond issue with a notional amount of $11,390,000. The agreement involved the exchange of fixed-rate and floating rate payments over the life of the agreement. The interest rate swap agreement terminated June 1, 2013. The objective of the agreement was to provide for level repayments. The floating-rate piece of the interest rate swap agreement was based on 79% of the London Interbank Offered Rate (LIBOR) as set by the British Bankers'

14. INTEREST RATE SWAP AGREEMENT (Continued)

Association. The fixed portion of the interest rate swap agreement was set at 3.8%.

The effect of derivative instruments on the statement of activities and change in net assets for the year ended June 30, 2013, was as follows:

Derivative Relationships	Location of Gain Recognized	Amount of Noncash Gain Recognized
Interest rate swap contracts	Change in net assets from non-operating activities	$ 198,426

15. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The following were temporarily restricted net assets identified by their specific purposes at June 30:

	2014	2013
Scholarships	$ 2,287,229	$ 1,520,045
Construction and renovations	122,715	269,110
Capital campaign	1,249,148	1,536,909
Other purposes	95,615	470,666
	$ 3,754,707	$ 3,796,730

The income from permanently restricted net assets is restricted for the following purposes:

	2014	2013
Scholarships	$ 4,539,959	$ 3,436,693
Endowed Washburn Lecture	84,524	50,000
Faculty endowed chair	750,000	750,000
	$ 5,374,483	$ 4,236,693

Net assets released from restrictions were used for scholarships, construction and renovations and other purposes during the years ended June 30, 2014 and 2013.

16. RETIREMENT PLAN

The College participates in the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), which is a defined contribution plan for all eligible employees. The College and Plan participants make annual contributions, which are immediately vested for the benefit of the participants. The College's contributions to TIAA–CREF were $199,875 and $194,389 for the years ended June 30, 2014 and 2013, respectively.

17. COMMITMENTS

The College has several non-cancelable operating leases for facilities that expire at various dates through June 2024.

Future minimum payments under operating leases having lease terms in excess of one year as of June 30, 2014 are as follows:

2015	$ 575,843
2016	572,660
2017	573,460
2018	573,460
2019	524,460
Thereafter	1,253,810
	$ 4,073,693

18. FUNCTIONAL EXPENSES

The College educates its students in the liberal arts and science and in professional fields. Expenses related to providing these services were as follows:

	2014	2013
Program services	$ 21,022,300	$ 20,196,338
General and administrative	2,926,474	3,006,989
Fundraising	951,031	1,010,577
Total expenses	$ 24,899,805	$ 24,213,904

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 20, 2014, which is the date the financial statements were issued.

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 20, 2014

To the Board of Trustees of
Cazenovia College:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cazenovia College (collectively, the College), which comprise the statements of financial position as of June 30, 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS

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APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS

GLOSSARY

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

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

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants selected by the College.

"Act" means the Enabling Act.

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

"Additional Payments" means payments to be made by the Borrower to the Issuer and the Trustee pursuant to Section 5.01(B) of the Loan Agreement.

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

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

"Additional Indebtedness" shall have the meaning assigned to such term in Section 8.20 of the Loan Agreement.

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

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

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

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

“Arbitrage Certificate” means (A) with respect to the Series 2019A Bonds, the Initial Arbitrage Certificate and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the Issuer in connection with the issuance and sale of such Series of Additional Bonds.

“Assignment of Rents” means the assignment of rents and leases dated as of September 1, 2019 from the College to the Issuer, which, among other things, assigns to the Issuer (a) the rents, issues and profits of the Project Facility and (b) all leases, subleases, licenses or occupancy agreements affecting the Project Facility, as said assignment of rents and leases may be amended or supplemented from time to time.

“Authorized Denominations” means: (A) with respect to the Initial Bonds, $25,000 and any integral multiple of $5,000 in excess thereof, except that, if as a result of a redemption, partially redeemed Initial Bonds cannot be issued in such denominations, such partially redeemed Initial Bonds shall be reissued in such other denominations to the extent required to effect such redemption; and (B) with respect to any Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds as set forth in the supplemental indenture relating thereto.

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

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

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

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

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

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

"Bond" or "Bonds" means, collectively, (A) the Initial Bonds and (B) any Additional Bonds.

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

"Bond Default Rate" means the rate of interest equal to three percent (3%) per annum.

"Bond Fund" means the fund so designated established pursuant to Section 401(A)(2) of the Indenture.

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

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

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

"Bond Purchase Agreement" means (A) with respect to the Initial Bonds, the Initial Bond Purchase Agreement, and (B) with respect to any Series of Additional Bonds, any similar document executed by the Issuer and/or the College in connection with the issuance and sale of such Series of Additional Bonds.

"Bond Rate" means, with respect to any Bond, the applicable rate of interest on such Bond, as set forth in such Bond.

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

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

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

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

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

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

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

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

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

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

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

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

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

“Construction Period” means, with respect to the Initial Project or any Additional Project, as the case may be, the period (A) beginning on the earlier of the Inducement Date or the Official Action Date relating thereto and (B) ending on the Completion Date relating thereto.

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

“Cost of the Project” means (A) with respect to the Initial Project, all those costs and items of expense relating thereto enumerated in Section 3.3(A) of the Loan Agreement incurred subsequent to the Inducement Date, including costs which the College incurred prior to the Inducement Date with respect to the Initial Project in anticipation of the issuance of the Initial Bonds and for which the College may be reimbursed from proceeds of the Initial Bonds pursuant to the provisions of the Initial Tax Regulatory Agreement, and (B) with respect to any Additional Project, all those costs and items of expense relating thereto enumerated in Section 3.3 of the Loan Agreement, including costs which the College incurred with respect to such Additional Project in anticipation of the issuance of the related Series of Additional Bonds and for which the College will be reimbursed from proceeds of the related Series of Additional Bonds.

“Current Assets” means cash and cash equivalent deposits, marketable securities, accounts receivable, accrued interest receivable and any other assets of the College which at the time of computation thereof are considered current assets under Generally Accepted Accounting Principles (including those set forth under the heading of other assets which otherwise would qualify therefor).

“Custodian” means, in connection with the College’s incurrence of parity Additional Indebtedness pursuant to the Loan Agreement, a third party to the Parity Agreement.

“Days Cash on Hand” means as of any date of determination, the product of 365 times a fraction, (i) the numerator of which is the aggregate amount of the College’s cash and investments (including board designated funds) that are not Restricted Moneys or proceeds of Indebtedness (other than proceeds of the Initial Bonds held in the Funded Interest Fund for the payment of interest on the Initial Bonds) as of such date of determination, and (ii) the denominator of which is total Operating Expenses, in each case, for the period of four (4) fiscal quarters ended on the date of determination, and determined in accordance with Generally Accepted Accounting Principles.

“Debt Service Payment” means, with respect to any Bond Payment Date, (A) the interest payable on the Bonds on such Bond Payment Date, plus (B) the principal, if any, payable on the Bonds on such

Bond Payment Date, plus (C) the premium, if any, payable on the Bonds on such Bond Payment Date, plus (D) the Sinking Fund Payments, if any, payable on the Bonds on such Bond Payment Date.

"Debt Service Requirements" means the aggregate annual principal (whether at maturity or pursuant to sinking fund redemption requirements or otherwise) and interest payments of the Borrower on all Outstanding Long-Term Indebtedness for the period of time for which calculated; provided, however, that for purposes of calculating Debt Service Requirements (a) principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is actually payable in the period of the determination from amounts irrevocably deposited in a Qualified Escrow; and (b) payments due on optional redemptions, payments due on tenders of Indebtedness for purchase or retirement (other than scheduled mandatory sinking fund payments), payments due as a result of acceleration following default and similar non-scheduled payments which come due or may become due on any Indebtedness shall not be included in Debt Service Requirements.

"Default Interest Rate" means the rate of interest equal to nine percent (9%) per annum, or the maximum permitted by law, whichever is less.

"Defaulted Payment" shall have the meaning assigned to such term in Section 207(C) of the Indenture.

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

"Depository" means, initially, The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other securities depository designated in any supplemental resolution of the Issuer to serve as securities depository for the Bonds that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Book Entry Bonds.

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

"Direct Participant" means a Participant as defined in the Depository Letter.

"Equipment" means, collectively, the Initial Equipment and any Additional Equipment.

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

"Environmental Compliance Agreement" means the environmental compliance and indemnification agreement dated as of September 1, 2019 from the College to the Issuer and the Trustee, pursuant to which, among other things, the College indemnifies the Issuer and the Trustee against certain environmental liabilities related to the Project Facility, as said environmental compliance and indemnification agreement may be amended or supplemented from time to time.

"Event of Default" means (A) with respect to the Indenture, any of those events defined as an Event of Default by the terms of Article VI of the Indenture, (B) with respect to the Loan Agreement, any of those events defined as an Event of Default by the terms of Article X of the Loan Agreement, and (C) with respect to any other Financing Document, any of those events defined as an Event of Default by the terms thereof.

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

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

"Facility" means the Initial Facility and any Additional Facilities.

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

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

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

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

"Funded Interest Fund" means the fund so designated established pursuant to Section 401(A)(3) of the Indenture.

"Generally Accepted Accounting Principles" or "GAAP" means those accounting principles applicable in the preparation of financial statements of the College, as promulgated by the Financial Accounting Standards Board, as amended or supplemented from time to time, or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

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

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

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

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

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

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

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

"Indebtedness" means all obligations for payment of principal and interest with respect to money borrowed, incurred or assumed by the College, and all purchase money mortgages, installment purchase contracts, guaranties, leases required to be capitalized in accordance with Generally Accepted Accounting Principles in effect prior to the adoption of FASB Accounting Standards Update No. 2016-02, or other similar instruments in the nature of a borrowing by which the College will be unconditionally obligated to pay.

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

"Indenture" means the trust indenture dated as of September 1, 2019 by and between the Issuer and the Trustee, as said trust indenture may be amended or supplemented from time to time.

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

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

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

"Initial Arbitrage Certificate" means the certificate dated the Closing Date for the Series 2019A Bonds executed by the Issuer and relating to certain requirements set forth in Section 148 of the Code applicable to the Initial Bonds and the Initial Project.

"Initial Bond Purchase Agreement" means the bond purchase agreement dated September 4, 2019 by and among the Underwriter, the Issuer and the College relating to the purchase of the Initial Bonds by the Underwriter, as said bond purchase agreement may be amended or supplemented from time to time.

"Initial Bond Resolution" means the resolution of the members of the board of directors of the Issuer duly adopted on July 2, 2019 authorizing the Issuer to undertake the Initial Project, to issue and sell the Initial Bonds and to execute and deliver the Initial Financing Documents to which the Issuer is a party.

"Initial Bonds" means, collectively, the Issuer's Tax-Exempt Revenue Bonds (Cazenovia College Project), Series 2019A in the aggregate principal amount of $14,740,000 and Taxable Revenue Bonds (Cazenovia College Project), Series 2019B in the aggregate principal amount of $10,180,000 issued pursuant to the Initial Bond Resolution and Article II of the Indenture and sold to the Underwriter pursuant to the provisions of the Initial Bond Purchase Agreement, in substantially the form attached to the Indenture as Schedule I thereto, and any Initial Bonds issued in exchange or substitution therefor.

"Initial Continuing Disclosure Agreement" means the continuing disclosure agreement dated as of September 1, 2019 by and between the College and the Trustee relating to the Initial Bonds, as said continuing disclosure agreement may be amended or supplemented from time to time.

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

"Initial Equipment" means all materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of the Initial Bonds, or acquired with any payment which the College incurred in anticipation of the issuance of the Initial Bonds and for which the College will be reimbursed from the proceeds of the Initial Bonds, and such substitutions and replacements therefor and additions thereto as may be made from time to time pursuant to the Loan Agreement, including, without limitation, all of the Property described in Exhibit B attached to the Loan Agreement.

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

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

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

"Initial Limited Offering Memorandum" means the limited offering memorandum delivered in connection with the sale of the Initial Bonds by the Underwriter.

"Initial Preliminary Limited Offering Memorandum" means the preliminary limited offering memorandum delivered in connection with the sale of the Initial Bonds by the Underwriter.

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

"Initial Project Facility" means, collectively, the Initial Land, the Initial Facility and the Initial Equipment.

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

"Initial Tax Regulatory Agreement" means the tax regulatory agreement dated the Closing Date for the Series 2019A Bonds executed by the College in favor of the Issuer and the Trustee regarding, among other things, the restrictions prescribed by the Code in order for interest on the Initial Bonds to be and remain excludable from the gross income of the Holders thereof for federal income tax purposes.

"Initial Underwriter Documents" means the Initial Bond Purchase Agreement, the Initial Continuing Disclosure Agreement, the Initial Preliminary Limited Offering Memorandum, the Initial Limited Offering Memorandum and any other document now or hereafter executed by the Issuer or the College in connection with the sale of the Initial Bonds by the Underwriter.

"Insurance and Condemnation Fund" means the fund so designated established pursuant to Section 401(A)(4) of the Indenture.

"Interest Payment Date" means (A) with respect to the Initial Bonds, March 1 and September 1 of each year, commencing March 1, 2020, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of interest on such Additional Bonds, as set forth in the supplemental Indenture authorizing the issuance of such Series of Additional Bonds. In any case, the final Interest Payment Date of any Series of the Bonds shall be the Maturity Date relating thereto.

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

"Land" means the Initial Land and any Additional Land.

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

"Line of Credit" means one or more lines of credit or similar agreements, in each case as such agreements may be extended, continued or modified from time to time.

"Loan" means the loan by the Issuer of the proceeds received from the sale of the Bonds to the College pursuant to the provisions of the Loan Agreement.

"Loan Agreement" means the loan agreement dated as of September 1, 2019 by and between the Issuer and the College, as said loan agreement may be amended or supplemented from time to time.

"Loan Payments" means the amounts required to be paid by the College pursuant to the provisions of Section 5.1 of the Loan Agreement.

"Long-Term Indebtedness" means all Indebtedness, the final maturity of which (taking into account any extensions available at the sole option of the College) is greater than one year after the initial incurrence thereof.

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

"Maximum Annual Debt Service" means the largest total Debt Service Requirements (provided the final maturity payment for a Series of the Bonds shall be reduced by amounts on deposit in the Reserve Fund and available for such payment) for any current or any succeeding Fiscal Year.

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

“Mortgage” means the mortgage and security agreement dated as of September 1, 2019 from the College to the Issuer, which, among other things, (a) grants to the Issuer a first mortgage lien on, and a security interest in, among other things, the Mortgaged Property and (b) assigns to the Issuer the rents, issues and profits of the Mortgaged Property, as said mortgage and security agreement may be amended or supplemented from time to time.

“Mortgage Assignment” means the assignment of mortgage dated as of September 1, 2019 from the Issuer to the Trustee, pursuant to which the Issuer will assign the Mortgage to the Trustee, as said assignment of mortgage may be amended or supplemented from time to time.

“Mortgaged Property” means all Property which may from time to time be subject to the Lien of 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 fees for services, expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such Gross Proceeds.

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

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

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

“Operating Expenses” means fees and expenses of the Company, including Loan Payments and Additional Payments, maintenance and repair expenses, utility expenses, administrative and legal expenses, miscellaneous operating expenses, interest expenses, expenses relating to leases which were not required to be capitalized prior to the adoption of FASB Accounting Standards Update No. 2016-02, advertising costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the College, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of the College not otherwise mentioned in the Loan Agreement, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with Generally Accepted Accounting Principles, all in such amounts as reasonably determined by the College; provided, however, “Operating Expenses” shall not include depreciation, amortization or other non-cash expenses.

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

“Outstanding” means, when used with reference to the Bonds as of any date, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

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

(B) Bonds for the payment or redemption of which moneys or Defeasance Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or Redemption Date of any such Bonds) in accordance with the Indenture (whether upon or prior to the maturity or Redemption Date of any such Bonds); provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form and substance to the Trustee shall have been filed with the Trustee; and

(C) Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered under the Indenture.

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

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

"Parity Agreement" means, in connection with the College's incurrence of parity Additional Indebtedness pursuant to the Loan Agreement, the documentation required to reflect and implement the parity position of such Indebtedness, which may consist of, but is not limited to, a custody and parity lien agreement, intercreditor agreement or deposit account control agreement

"Parity Indebtedness" means any Indebtedness of the College secured by a lien and security interest in the Gross Revenues of the College and the Mortgaged Property of equal rank and priority with all liens now or hereafter granted in the Gross Revenues and the Mortgaged Property under the Loan Agreement and the Mortgage or otherwise incurred in accordance with Section 8.20(d) of the Loan Agreement.

"Parity Trustee" means, in connection with the College's incurrence of parity Additional Indebtedness pursuant to Section 8.20(d) of the Loan Agreement, a representative of the holders of the Parity Indebtedness.

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

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

"Permitted Encumbrances" means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens, (C) title defects that do not affect the College's right of possession or use of the Property for its intended purposes and do not affect the value, validity or enforceability of the Mortgage, (D) Liens for taxes, assessments and utility charges (1) to the extent permitted by Section 6.2(B) of the Loan Agreement, or (2) at the time not delinquent, (E) any Lien on the Project Facility obtained through any Financing Document, (F) liens on assets purchased or refinanced with proceeds of Long-Term Indebtedness permitted pursuant to Section 8.20(a) of the Loan Agreement and (G) any Lien on the Project Facility in favor of the Trustee.

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

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

"Pledge and Assignment" means the pledge and assignment dated as of September 1, 2019 from the Issuer to the Trustee, and acknowledged by the College, pursuant to which the Issuer has assigned to the Trustee its rights under the Loan Agreement (except the Unassigned Rights), as said pledge and assignment may be amended or supplemented from time to time.

"Pledge and Security Agreement" means the pledge and security agreement dated as of September 1, 2019 from the College to the Trustee, pursuant to which, among other things, the College grants to the Trustee, among other things, a security interest in all interest of the College in (1) the Gross Revenues (as defined in the Pledge and Security Agreement) of the College and (2) all furnishings, fixtures and equipment contained in or used in connection with the Project Facility, as said security agreement may be amended or supplemented from time to time.

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

"Preliminary Official Statement" means (A) with respect to the Initial Bonds, the Initial Preliminary Limited Offering Memorandum, and (B) with respect to any Series of Additional Bonds, any similar document approved by the Issuer and the College for use in connection with the issuance of the related Series of Additional Bonds.

"Principal Payment Date" means (A) with respect to the Initial Bonds, the Maturity Date of each of the Initial Bonds, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of principal due on such Additional Bonds.

"Prior Indebtedness" shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

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

"Project Costs" means Costs of the Project.

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

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

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

"Qualified Escrow" means a segregated escrow fund or other similar fund or account in connection with the issuance of Long-Term Indebtedness, which fund or account is required by the documents establishing such fund or account to be applied toward the payment obligations with respect to principal or interest on (a) the Long-Term Indebtedness which is issued under the documents establishing such fund or account or (b) Long-Term Indebtedness secured thereby which is issued prior to the establishment of such fund or account.

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

"Rebate Amount" shall have the meaning assigned to such term in the Tax Documents.

"Rebate Fund" means the fund so designated established pursuant to Section 401(A)(6) of the Indenture.

"Rebate Fund Earnings Account" means the special account so designated within the Rebate Fund established pursuant to Section 401(A)(6)(b) of the Indenture.

"Rebate Fund Principal Account" means the account so designated within the Rebate Fund established pursuant to Section 401(A)(6)(a) of the Indenture.

"Record Date" means either a Regular Record Date or a Special Record Date.

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

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

"Refunding Indebtedness" means any Indebtedness issued after the date of the Loan Agreement for the purpose of refunding any outstanding Long-Term Indebtedness and financing the funding of related reserve funds, costs of issuance and other costs related to such refunding.

"Regular Record Date" means, with respect to the interest and any Sinking Fund Payment or principal payment due on the Bonds on or prior to maturity payable on any Bond on any Interest Payment Date, the fifteenth (15th) day (whether or not a Business Day) of the calendar month preceding the calendar month in which such Interest Payment Date occurs.

“Request for Disbursement” means a request from the College, as agent of the Issuer, signed by an Authorized Representative of the College, stating the amount of the disbursement sought and containing the statements, representations and other items required by Article IV of the Indenture and by Section 3.3 of the Loan Agreement, which Request for Disbursement shall be in substantially the form of Exhibit A attached to the Indenture.

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

“Reserve Fund” means the fund so designated established pursuant to Section 401(A)(5) of the Indenture.

“Reserve Fund Requirement” means, (A) with respect to the Initial Bonds, $718,385.00, comprised of (i) $405,350.00 relating to the Series 2019A Bonds and (ii) $313,035.00 relating to the Series 2019B Bonds, respectively, and (B) with respect to any other series of Bonds, the amount set forth in the Supplemental Indenture relating to such Bonds.

“Restricted Moneys” means the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds) specifically restricted by the donor or grantor to a special object or purpose inconsistent with the use thereof for the payment of debt service or general operating expenses.

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

“Security Documents” shall have the meaning assigned to such term in Section 4.1 of the Loan Agreement.

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

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

“Series 2019 Equipment” shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

“Series 2019 Facility” shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

“Series 2019A Bonds” means the Issuer’s Tax-Exempt Revenue Bonds (Cazenovia Project), Series 2019A in the aggregate principal amount of $14,740,000 issued pursuant to the Bond Resolution and Article II of the Indenture and sold by the Underwriter pursuant to the Bond Purchase Agreement, in substantially the form attached to the Indenture as Schedule I, and any Tax-Exempt Bonds issued in exchange or substitution therefor.

“Series 2019A Capitalized Interest Account” means the account so designated within the Funded Interest Fund established pursuant to Section 401(A)(3)(a) of the Indenture.

"Series 2019A Capitalized Interest Account Amount" shall have the meaning assigned to such term in Section 402(A)(3) of the Indenture.

"Series 2019A Capitalized Interest Period" means, with respect to the Series 2019A Bonds, the period commencing on the Closing Date and ending September 24, 2022.

"Series 2019A New Money Portion" means that portion of the Project Facility to be financed with proceeds of the Series 2019A Bonds relating to the Series 2019 Facility and the Series 2019 Equipment.

"Series 2019A Project Account" means the account so designated within the Project Fund established pursuant to Section 401(A)(1)(a) of the Indenture.

"Series 2019B Bonds" means the Issuer's Taxable Revenue Bonds (Cazenovia College Project), Series 2019B in the aggregate principal amount of $10,180,000 issued pursuant to the Bond Resolution and Article II of the Indenture and sold by the Underwriter pursuant to the Bond Purchase Agreement, in substantially the form attached to the Indenture as Schedule II, and any Taxable Bonds issued in exchange or substitution therefor.

"Series 2019B Funded Interest Account" means the account so designated within the Funded Interest Fund established pursuant to Section 401(A)(3)(b) of the Indenture.

"Series 2019B Funded Interest Account Amount" shall have the meaning assigned to such term in Section 402(A)(4) of the Indenture.

"Series 2019B Project Account" means the account so designated within the Project Fund established pursuant to Section 401(A)(1)(b) of the Indenture.

"Short-Term Indebtedness" means Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the College for a term greater than one year beyond the date of original incurrence.

"Subordinated Indebtedness" means Indebtedness which, with respect to any issue thereof, is evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness to the Bonds or any other Parity Indebtedness issued following the date thereof (to which appropriate reference shall be made in the instrument evidencing such Indebtedness).

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

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

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

“State” means the State of New York.

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

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

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

“Taxable Bonds” means the Series 2019B Bonds and any Additional Bonds which are not issued as Tax-Exempt Bonds.

“Tax Documents” means, collectively, (A) with respect to the Series 2019A Bonds, the Initial Tax Documents and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar documents executed by the Issuer and/or the College in connection with the issuance of such Series of Additional Bonds.

“Tax-Exempt Bond” means any Bond issued as an obligation of the Issuer, the interest on which is intended to be excluded from the gross income of the Holder thereof for federal income tax purposes pursuant to Section 103 and Section 145 of the Code, including but not limited to the Series 2019A Bonds.

“Tax Regulatory Agreement” means (A) with respect to the Series 2019A Bonds, the Initial Tax Regulatory Agreement and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the College in connection with the issuance and sale of such Series of Additional Bonds.

“Term Bonds” means, with respect to any Additional Bonds, Bonds having a single stated maturity for which Sinking Fund Installments are specified in the supplemental indenture authorizing the issuance of such Bonds.

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

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

“Trust Revenues” means (A) all payments of loan payments made or to be made by or on behalf of the College under the Loan Agreement (except payments made with respect to the Unassigned Rights), (B) all other amounts pledged to the Trustee by the Issuer or the College to secure the Bonds or performance of their respective obligations under the Loan Agreement and the Indenture, (C) the Net Proceeds (except proceeds with respect to the Unassigned Rights) of insurance settlements and Condemnation awards with respect to the Project Facility, (D) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (1) moneys and investments held in the Rebate Fund, (2) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, (3) unclaimed funds held under Section 409 of the Indenture, and (4) as specifically otherwise provided, and (E) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture. Notwithstanding anything to the contrary, amounts held in the Rebate Fund shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and amounts held therein shall not secure any amount payable on the Bonds.

"Trustee" means The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York, or any successor trustee or co-trustee acting as trustee under the Indenture.

"Unassigned Rights" means (A) the rights of the Issuer granted pursuant to Sections 2.2, 3.1, 3.2, 3.3, 3.8, 4.4, 5.1(B)(2), 5.1(C), 6.1, 6.2, 6.3, 6.4, 6.5, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.11, 8.14, 8.16, 8.17, 8.18, 9.1, 9.2, 11.1, 11.4, 11.8 and 11.10 of the Loan Agreement, (B) the moneys due and to become due to the Issuer for its own account or the members, directors, officers, agents (other than the College), servants and employees of the Issuer for their own account pursuant to Sections 2.2, 5.1(B)(2), 5.1(C), 6.4(B), 8.2, 10.2 and 10.4 of the Loan Agreement, and (C) the right to enforce the foregoing pursuant to Article X of the Loan Agreement. Notwithstanding the preceding sentence, to the extent the obligations of the College under the Sections of the Loan Agreement listed in (A), (B) and (C) above do not relate to the payment of moneys to the Issuer for its own account or to the members, officers, directors, agents (other than the College), servants and employees of the Issuer for their own account, such obligations, upon assignment of the Loan Agreement by the Issuer to the Trustee pursuant to the Pledge and Assignment, shall be deemed to and shall constitute obligations of the College to the Issuer and the Trustee, jointly and severally, and either the Issuer or the Trustee may commence an action to enforce the College's obligations under the Loan Agreement.

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

"Underwriter Documents" means, collectively, (A) with respect to the Initial Bonds, the Initial Underwriter Documents and (B) with respect to any Additional Bonds, any similar documents executed by the Issuer and/or the College in connection with the issuance of such Additional Bonds.

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

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Indenture to which reference is made for the detailed provisions thereof. Certain provisions of the Indenture are also described in the Official Statement under the captions "INTRODUCTION", "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "THE BONDS".

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

Restriction on Issuance of Bonds *(Section 201)*

Except for substitute Bonds and Additional Bonds issued pursuant to the Indenture, the total aggregate principal amount of Bonds that may be issued under the Indenture is expressly limited to $24,920,000.

Limited Obligations *(Section 202)*

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

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

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

Specific Details of the Initial Bonds *(Section 209)*

The Series 2019A Bonds shall be dated September 24, 2019 and shall bear interest from such date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest on the Series 2019A Bonds shall be payable on March 1 and September 1 of each year, commencing on March 1, 2020. The Series 2019A Bonds shall mature on September 1, 2022 and shall bear interest (on the basis of a 360-day year composed of twelve 30-day months) at the rate per annum of 5.50%; *provided*, however, that in the event interest and principal due on the Series 2019A Bonds on September 1, 2022 shall not have been paid on such maturity date, the Series 2019A Bonds shall immediately bear interest from such date at 5.50% plus the Bond Default Rate until interest, including accrued interest from such date, and principal due on the Series 2019A Bonds shall have been paid in full. The Series 2019A Bonds are subject to optional and mandatory redemption prior to maturity as provided in the Indenture.

The Series 2019B Bonds shall be dated September 24, 2019 and shall bear interest from such date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest on the Series 2019B Bonds shall be payable on March 1 and September 1 of each year, commencing on March 1, 2020. The Series 2019B Bonds shall mature on September 1, 2022 and shall bear interest (on the basis of a 360-day year composed of twelve 30-day months) at the rate per annum of 6.15%; *provided*, however, that in the event interest and principal due on the Series 2019B Bonds on September 1, 2022 shall not have been paid on such maturity date, the Series 2019B Bonds shall immediately bear interest from such date at 6.15% plus the Bond Default Rate until interest, including accrued interest from such date, and principal due on the Series 2019B Bonds shall have been paid in full. The Series 2019B Bonds are subject to optional and mandatory redemption prior to maturity as provided in the Indenture.

Delivery of Initial Bonds *(Section 210)*

Upon the execution and delivery of the Indenture, the Issuer will execute and deliver the Initial Bonds (including a reasonable number of additional Initial Bonds to be retained by the Trustee for authentication and delivery upon transfer or exchange of any Initial Bond) to the Trustee, and the Trustee will authenticate and deliver the Initial Bonds to the purchasers thereof against payment of the purchase price therefor, plus accrued interest to the day preceding the date of delivery, upon receipt by the Trustee of the following:

(1) a certified copy of the Initial Bond Resolution;

(2) executed counterparts of the Indenture, the Loan Agreement and the other Initial Financing Documents;

(3) a request and authorization to the Trustee on behalf of the Issuer signed by an Authorized Representative of the Issuer to deliver the Initial Bonds to or upon the order of the Underwriter upon payment to the Trustee for the account of the Issuer of the purchase price therefor specified in such request and authorization;

(4) signed copies of the opinions of counsel to the Issuer, the College, the and the Trustee, and of Bond Counsel, as required by the Initial Bond Purchase Agreement;

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

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

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

Additional Bonds *(Section 214)*

So long as the Loan Agreement is in full force and effect and no Event of Default exists thereunder or under the Indenture (and no event exists which, upon notice or lapse of time or both, would become an Event of Default thereunder or under the Indenture), the Issuer may, upon a request from the College complying with the provisions of the Indenture, issue one or more series of Additional Bonds to provide funds to pay any one or more of the following: (1) costs of completion of the Project Facility in excess of the amount in the Project Fund; (2) costs of any Additional Project; (3) costs of refunding or advance refunding any or all of the Bonds previously issued; (4) costs of making any modifications, additions or improvements to the Project Facility that the College may deem necessary or desirable; and/or (5) costs of the issuance and sale of the Additional Bonds, capitalized interest, funding debt service reserves, and other costs reasonably related to any of the foregoing. Additional Bonds may mature at different times, bear interest at different rates and otherwise vary from the Initial Bonds authorized under the Indenture, all as may be provided in the supplemental Indenture authorizing the issuance of such Additional Bonds.

Prior to the execution of a supplemental Indenture authorizing the issuance of Additional Bonds, the Issuer must deliver certain documents set forth in the Indenture to the Trustee, including:

(1) an amendment to the Loan Payments in an amount at least equal to the sum of the total Debt Service Payments due on the Initial Bonds and all Additional Bonds and all other costs in connection with the Project Facility and all Additional Projects covered thereby;

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

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

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

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

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

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

(8) evidence of satisfaction by the College of the provisions of Section 8.20 of the Loan Agreement relating to the incurrence of Additional Indebtedness (as applicable);

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

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

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

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

The consent of the Holders of the Bonds shall not be required prior to the issuance of Additional Bonds, or to the execution and delivery of any amendments to the Financing Documents required in connection therewith. The Trustee shall, however, mail notice in writing (in the form provided to the Trustee by the College) to the Holders of the Bonds and each rating agency, if any, by which the Bonds are then rated of the proposed issuance of the Additional Bonds, detailing, at least, the aggregate principal amount of such Additional Bonds, and summarizing the nature of the amendments to the Financing Documents proposed to be executed in connection therewith.

Establishment of Funds *(Section 401)*

The Indenture creates the following funds (and various accounts therein) to be held by the Trustee: (1) the Project Fund and, within the Project Fund, the following special accounts: (a) the Series 2019A Project Account; (b) the Series 2019B Project Account; and (c) an additional, separate account for each series of Additional Bonds, each such additional account to be known as the "Series ____ Project Account", with the blank to be filled in with the same series designation as borne by the related series of Additional Bonds; (2) the Bond Fund; (3) the Funded Interest Fund and, within the Funded Interest Fund, the following special accounts: (a) the Series 2019A Capitalized Interest Account; and (b) the Series 2019B Funded Interest Account; (4) the Insurance and Condemnation Fund; (5) the Reserve Fund and, within the Reserve Fund, the following special accounts: (a) the Series 2019A Reserve Account; (b) the Series 2019B Reserve Account; and (c) an additional, separate account for each Series of Additional Bonds, each such additional account to be known as the "Series ____ Reserve Account", with the blank to be filled in with the same Series designation as borne by the related series of Additional Bonds; and (6) the Rebate Fund, and, within the Rebate Fund, the following special accounts: (a) the Rebate Fund Principal Account and (b) the Rebate Fund Earnings Account.

All moneys required to be deposited with or paid to the Trustee under any provision of the Indenture (1) shall be held by the Trustee in trust, and (2) (except for moneys held by the Trustee (a) for the redemption of Bonds, notice of redemption of which has been duly given, (b) as unclaimed monies under Section 410 of the Indenture or (c) in the Rebate Fund) shall, while held by the Trustee, constitute part of the Trust Revenues and be subject to the Lien of the Indenture. Moneys which have been deposited with, paid to or received by the Trustee for the redemption of a portion of the Bonds or for the payment of Bonds or interest thereon due and payable otherwise than upon acceleration by declaration, shall be held in trust for and be subject to a Lien in favor of only the Holders of such Bonds so redeemed or so due and payable.

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

Application of Proceeds of Initial Bonds *(Section 402)*

The Issuer shall deposit with the Trustee all of the proceeds from the sale of the Initial Bonds, including accrued interest payable on the Initial Bonds. The Trustee shall deposit the proceeds from the sale of the Initial Bonds as follows: (1) the Trustee shall deposit the portion of the proceeds of the sale of the Initial Bonds representing accrued interest on the Initial Bonds, if any, into the Bond Fund; (2) the Trustee shall deposit the portion of the proceeds of the sale of the Initial Bonds representing in the aggregate the Reserve Fund Requirement with respect to the Initial Bonds into the Reserve Fund; (3) the Trustee shall deposit the portion of the proceeds representing the Series 2019A Capitalized Interest Account Amount into the Series 2019A Capitalized Interest Account; (4) the Trustee shall deposit the portion of the proceeds representing the Series 2019B Funded Interest Account Amount into the Series 2019B Funded Interest Account; (5) the Trustee shall deposit the remainder of the proceeds of the sale of the Series 2019A Bonds into the Series 2019A Project Account of the Project Fund; and (6) the Trustee shall deposit the remainder of the proceeds of the sale of the Series 2019B Bonds into the Series 2019B Project Account of the Project Fund.

The proceeds of any Additional Bonds shall be deposited as provided in the supplement to the Indenture authorizing the issuance of such Additional Bonds.

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

Commencing on the first date on which Loan Payments are received from the College pursuant to Section 5.1(A) of the Loan Agreement, and thereafter, the Trustee shall deposit such payments, upon the receipt thereof, into the Bond Fund, as provided in Section 405(A) of the Indenture. The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee shall, upon receipt thereof, be deposited into the Insurance and Condemnation Fund. Any amount received by the Trustee from the College pursuant to Section 5.1(B)(3) or Section 5.1(B)(4) of the Loan Agreement shall be deposited into the Reserve Fund.

Project Fund *(Section 404)*

In addition to moneys deposited in the Project Fund from the proceeds of the sale of the Bonds, there shall be deposited into the Project Fund all other moneys received by the Trustee under or pursuant to the Indenture or the other Financing Documents which, by the terms thereof, are to be deposited in the Project Fund. Moneys on deposit in (1) the Series 2019A Project Account of the Project Fund with respect to the Series 2019A Bonds shall be disbursed and applied by the Trustee to pay (a) the Costs of the Project relating to the Initial Project and (b) certain Costs of Issuance (as defined in the Tax Regulatory Agreement) and (2) the Series 2019B Project Account of the Project Fund with respect to the Series 2019B Bonds shall be disbursed and applied by the Trustee to pay (a) Costs of the Project relating to the Initial Project and (b) certain Costs of Issuance pursuant to the provisions of the Loan Agreement, the Indenture and the Initial Tax Regulatory Agreement.

The Trustee is authorized and directed to disburse the balance of the moneys from the Project Fund relating to the Initial Bonds upon receipt by the Trustee of a Request for Disbursement, certified to by an Authorized Representative of the College in accordance with the applicable provisions of the Indenture and the Loan Agreement and the Initial Tax Regulatory Agreement.

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

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

The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom and, upon request of the Issuer or the College, shall file an accounting thereof with the Issuer and the College.

Bond Fund *(Section 405)*

In addition to the moneys deposited into the Bond Fund (1) from the proceeds of the Bonds pursuant to Section 402 of the Indenture and (2) pursuant to Sections 403, 405 and 411 of the Indenture, there shall be deposited into the Bond Fund (a) all Loan Payments received from the College under the Loan Agreement (except payments made with respect to the Unassigned Rights, which shall be paid to the Issuer), (b) any amount in the Insurance and Condemnation Fund directed to be paid into the Bond Fund under Section 406 of the Indenture, (c) any amounts received from the College pursuant to Section 3.6 of the Loan Agreement, (d) all prepayments by the College in accordance with Section 5.3 of the Loan Agreement in connection with which notice has been given to the Trustee pursuant to Section 302 of the Indenture, (e) all moneys held in the Reserve Fund which are in excess of the amount required to be held in the Reserve Fund as of such date, and (f) all other moneys received by the Trustee under and pursuant to the Indenture or the other Financing Documents which by the terms thereof are to be deposited into the Bond Fund, or are accompanied by directions from the College or the Issuer that such moneys are to be paid into the Bond Fund.

Moneys on deposit in the Bond Fund may be invested in Authorized Investments in accordance with Section 411 of the Indenture All interest and other income accrued and earned on moneys on deposit in the Bond Fund shall be deposited by the Trustee into the Bond Fund. Moneys on deposit in the Bond Fund shall, subject to Section 405(C) of the Indenture, be applied by the Trustee to pay the principal of, premium, if any, and interest on the Bonds as the same become due (to the extent interest on the Bonds is not paid from amounts on deposit in the Funded Interest Fund), whether at Stated Maturity, upon acceleration of the Bonds or upon redemption of the Bonds, except as provided in Section 411 of the Indenture.

On the Business Day immediately following a Bond Payment Date, if any amounts remain in the Bond Fund, such amounts in the Bond Fund shall be transferred, to the extent necessary, to the Reserve Fund, until the amount held in the Reserve Fund is at least equal to the Reserve Fund Requirement. Once all transfers provided in this paragraph have been made, the Trustee shall inform the College of the amount remaining in the Bond Fund, and such moneys shall be applied by the Trustee to the Debt Service Payments due on the following Bond Payment Date.

Funded Interest Fund *(Section 406)*

Amounts on deposit in the Series 2019A Capitalized Interest Account shall be applied by the Trustee solely to pay interest on the Series 2019A Bonds relating to the Series 2019A New Money Portion on any Interest Payment Date occurring during the Series 2019A Capitalized Interest Period.

Amounts on deposit in the Series 2019B Funded Interest Account shall be applied by the Trustee (i) with respect to the Series 2019A Bonds, and subsequent to all amounts on deposit in the Series 2019A Capitalized Interest Account being applied in accordance with Section 406(A) of the Indenture, to pay interest on the Series 2019A Bonds on any Interest Payment Date and (ii) with respect the Series 2019B Bonds, to pay interest on the Series 2019B Bonds on any Interest Payment Date.

Moneys on deposit in the Funded Interest Fund may be invested in Authorized Investments in accordance with Section 411 of the Indenture. All interest and other income accrued and earned on moneys on deposit in the Funded Interest Fund shall be applied by the Trustee to pay interest on the Initial Bonds as provided in Section 406(A) and (B) of the Indenture as the same becomes due, whether at Stated Maturity, upon acceleration of the Bonds or upon redemption of the Bonds, except as provided in Section 411 of the Indenture.

Insurance and Condemnation Fund *(Section 407)*

The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee in connection with damage to or destruction of or the taking of part or all of the Project Facility shall be deposited into the Insurance and Condemnation Fund. If, following damage to or Condemnation of all or a portion of the Project Facility, (1) the College exercises its option not to repair, rebuild or restore the Project Facility and to provide for the defeasance of the Bonds, or (2) if a taking in Condemnation as described in Section 7.2(C) of the Loan Agreement occurs, the Trustee shall (after any transfer to the Rebate Fund required pursuant to the Indenture and the Tax Documents is made) transfer all moneys held in the Insurance and Condemnation Fund to an escrow fund to be created by the Trustee at the written direction of the College, to be applied to the defeasance of the Bonds then Outstanding pursuant to the provisions of the Tax Documents, except as provided in Section 412 of the Indenture.

If, following damage to or Condemnation of all or a portion of the Project Facility, the College elects to repair, rebuild or restore the Project Facility, and provided no Event of Default under the Indenture or under any other Financing Document has occurred and is continuing, moneys held in the Insurance and Condemnation Fund and attributable to the damage to or the destruction or taking of the Project Facility (after any transfer to the Rebate Fund required by the Indenture and the Tax Documents is made) will be applied to pay the costs of such repairs, rebuilding or restoration in accordance with the Indenture.

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

If the cost of the repair, rebuilding or restoration of the Project Facility shall be in excess of the moneys held in the Insurance and Condemnation Fund, the College shall deposit such additional moneys in the Insurance and Condemnation Fund as are necessary to pay the cost of completing such repair, rebuilding or restoration.

<u>Rebate Fund</u> *(Section 408)*

The Trustee shall make information regarding the Bonds and investments under the Indenture available to the College. If a deposit to the Rebate Fund is required as a result of the computations made or caused to be made by the College, the Trustee shall upon receipt of written direction from the College accept such payment for the benefit of the College. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee shall upon written direction from the Authorized Representative of the College transfer such amount to the College. Records of the determinations required by Section 408 of the Indenture and the instructions must be retained by the Trustee until six years after the Bonds are no longer outstanding. Any provision of the Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien under the Indenture.

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

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

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

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

Reserve Fund *(Section 409)*

On the Closing Date for the Initial Bonds, the Trustee shall deposit proceeds of the Initial Bonds in an amount equal to the Reserve Fund Requirement applicable to the Series 2019A Bonds and the Series 2019B Bonds into the Series 2019A Reserve Account and the Series 2019B Reserve Account, respectively. Upon the issuance of any Additional Bonds, the Trustee shall deposit an amount equal to the Reserve Fund Requirement relating to such Additional Bonds into the Reserve Fund.

If, on the Business Day preceding any Bond Payment Date, the amount on deposit in the Bond Fund is not sufficient to pay the Debt Service Payments due on such Bond Payment Date with respect to the Bonds then Outstanding, the Trustee shall transfer from the Reserve Fund and deposit into the Bond Fund an amount of money sufficient, when added to the amounts then on deposit in the Bond Fund and available to make the Debt Service Payments coming due on the Bonds on such Bond Payment Date, to enable the Trustee to make all such Debt Service Payments coming due on the Bonds on such Bond Payment Date.

All earnings on amounts held in the Reserve Fund which, pursuant to Section 411(D) of the Indenture, are deposited by the Trustee into the Bond Fund, may be used to pay Debt Service Payments due on the Bonds. On the Business Day prior to each Bond Payment Date during the term of the Bonds, the Trustee shall ensure that any such investment earnings on moneys on deposit in the Reserve Fund have been transferred to the Bond Fund, as provided in the Indenture.

The Trustee shall notify the College in writing of any withdrawal from the Reserve Fund, or any deficiency in the amounts required to be on deposit to the credit of the Reserve Fund determined upon the periodic valuation thereof pursuant to the Indenture.

If the principal of all the Bonds shall become due and payable, whether by maturity, by redemption or otherwise, the Trustee shall deposit to the credit of the Bond Fund any balance remaining in the Reserve Fund.

Semiannually, at least fifteen (15) Business Days prior to each Interest Payment Date, the amounts in the Reserve Fund shall be valued by the Trustee as provided in the Indenture. If the amounts held in the Reserve Fund together with any interest and other income received by the investment of moneys therein shall exceed the Reserve Fund Requirement, the Trustee shall withdraw from the Reserve Fund the amount of any excess therein over the applicable Reserve Fund Requirement as of such date of withdrawal and such excess shall be first used by the Trustee to pay its fees and expenses for Ordinary and Extraordinary Services and any other amounts owed to the Trustee hereunder and under the other Financing Documents and the balance shall be transferred by the Trustee to the Bond Fund and used to pay Debt Service Payments due on the Bonds on the next succeeding Bond Payment Date and credited to the College's obligation to make Loan Payments relating to such Bond Payment Date.

In the event the amount held in the Reserve Fund on the fifteenth Business Day prior to any Bond Payment Date exceeds the principal amount of Bonds which will be Outstanding after such Bond

Payment Date, the Trustee shall, after being reasonably satisfied that its fees and expenses for the performance of its services under the Indenture and any other amounts owed to the Trustee under the Indenture and under the other Financing Documents will be paid, transfer such excess amounts from the Reserve Fund to the Bond Fund to be applied to the Debt Service Payments on the Bonds on such Bond Payment Date.

In computing the amount in the Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at the cost of such obligations or the market value thereof, whichever is lower. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such computation shall be made not less often than semiannually. The Trustee shall notify the College in writing of any deficiency in the amounts required to be on deposit in the Reserve Fund.

Final Disposition of Moneys *(Section 412)*

In the event there are no Bonds Outstanding, and subject to any applicable law to the contrary, after payment of all fees, charges and expenses, including, but not limited to reasonable attorney's fees, of the Issuer and the Trustee and all other amounts required to be paid under the Indenture and under the other Financing Documents and after payment of any amounts required to be rebated to the United States under the Indenture and under the Tax Documents or any provision of the Code, all amounts remaining in any fund established under the Indenture shall be transferred to the College (except amounts held with respect to the Unassigned Rights, which amounts shall be paid to the Issuer, and except for moneys held for the payment or redemption of Bonds which have matured or been defeased or notice of the redemption of which has been duly given and any other monies held under Section 410, which shall be held for the benefit of the Owners of such Bonds).

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

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

Covenant Against Arbitrage Bonds *(Section 513)*

So long as any Tax-Exempt Bonds shall be Outstanding, the Issuer covenants that it will not use or direct or permit the use of the proceeds of the Tax-Exempt Bonds or any other moneys in its control (including, without limitation, the proceeds of any insurance settlement or Condemnation award with respect to the Project Facility) in such manner as would cause any of the Tax-Exempt Bonds to be an "arbitrage bond" within the meaning of such quoted term in Section 148 of the Code. The Issuer shall not be responsible for the calculation or payment of any rebate amount required by Section 148 of the Code. The Trustee shall not be responsible for the calculation, or the payment from its own funds, of any amount required to be rebated to the United States under Section 148 of the Code. The Trustee shall, however, make such transfers to the Rebate Fund and pay such amounts from the funds and accounts created hereunder and from the College's funds to the United States as the College, in accordance with the Indenture and the Tax Documents, shall direct.

Events of Default and Remedies on Default *(Section 601)*

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

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

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

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

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

Acceleration *(Section 602)*

Upon (A) the occurrence of an Event of Default under paragraph (1) of the first paragraph under the caption "Events of Default" herein, the Trustee shall, and (B) the occurrence and continuance of an Event of Default under paragraphs (2) or (3) of the first paragraph under the caption "Events of Default" herein and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, the Trustee shall, by notice in writing delivered to the College, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable, *provided* that the interest rate payable on the Bonds on and after the date of any acceleration shall be equal to the Bond Rate plus the Bond Default Rate. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement.

Enforcement Of Remedies *(Section 603)*

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

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

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

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

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

The Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right at any time, by an instrument in writing executed and delivered to the Trustee and upon offering the Trustee the security and indemnity provided for in the Indenture, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, the Loan Agreement or the other Financing Documents, or for the appointment of a receiver or any other proceedings hereunder, provided that such direction, in the opinion of Independent Counsel, is in accordance with the provisions of law and is not unduly prejudicial to the interests of the Bondholders not joining such direction.

Application of Moneys *(Section 609)*

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

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

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

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

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

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

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

<u>Notice of Defaults; Opportunity to Cure</u> *(Section 614)*

Anything in the Indenture to the contrary notwithstanding, no Event of Default described in paragraph (2) or paragraph (3) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default and Remedies on Default" will constitute an Event of Default until the Trustee shall have received written notice thereof or shall have actual notice thereof and until actual notice of such default by registered or certified mail is given by the Trustee, or by the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of Bonds then Outstanding, to the Issuer and the College (with a copy to the Trustee if given by the Holders), and the Issuer and the College have had thirty (30) days after receipt of such notice to correct such default or cause said default to be corrected, and have not done so within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the College within the applicable period and diligently pursued until the default is corrected.

Acceptance of the Trusts *(Section 701)*

The Trustee accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts upon certain terms and conditions, including but not limited to the following:

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

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

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

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

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

In case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Owners of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their duly authorized attorneys; provided, nevertheless, that in case of vacancy, the Issuer (at the written direction of the College) by an instrument executed and signed by the Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by such Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer (at the written direction of the College) shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Every such successor or temporary Trustee appointed pursuant to the provisions of the paragraph above shall (1) be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, (2) be located within or outside the State, (3) be duly authorized to exercise trust powers in the State, (4) be subject to examination by a federal or state authority, and (5) maintain a reported capital and surplus of not less than $20,000,000.

<u>Supplemental Indentures not Requiring Consent of Bondholders</u> *(Section 801)*

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

(1) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

(2) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;

(3) to subject additional rights and revenues to the Lien of the Indenture, or to identify more precisely the Trust Estate;

(4) to obtain or maintain a rating on the Bonds from Moody's or Standard & Poor's;

(5) to comply with the provisions of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes;

(6) to modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law;

(7) to enable the issuance of Additional Bonds;

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

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

<u>Supplemental Indentures Requiring Consent of Bondholders</u> *(Section 802)*

Other supplemental indentures modifying the Indenture may be approved by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding; provided that no supplemental indenture is permitted which would permit (1) without the consent of the Holder of such Bond, (a) a reduction in the rate, or extension of the time of payment, of interest on any Bond, (b) a reduction of any premium payable on the redemption of any Bond, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bond, or an extension of time in which the principal amount of any Bond is payable, whether at the stated or declared maturity or redemption thereof, (2) the creation of any Lien prior to or on a parity with the Lien of the Indenture (other than that parity Lien created to secure the Additional Bonds), (3) a reduction in the aforesaid aggregate principal amount of Bonds, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (4) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (5) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

Supplemental Indentures; Consent of the College *(Section 804)*

Supplemental indentures which affect the rights or liabilities of the College under the Indenture require the consent of the College.

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

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

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

Except for the amendments, changes or modifications as provided under the above caption, neither the Issuer, the College nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or any other Financing Document (other than the Indenture) without mailing notice thereof to, and obtaining the written approval or consent thereto of, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds at the time Outstanding given as provided in the Indenture.

Discharge of Lien *(Section 1001)*

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

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

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

Limitations on Issuer Liability *(Section 1109)*

The obligations and agreements of the Issuer contained in the Indenture or in any other document executed by the Issuer in connection therewith shall (A) be deemed obligations and agreements of the Issuer, and not of any member, officer, agent or employee of the Issuer in his or her individual capacity, (B) not be an obligation of the State of New York or of Madison County, New York, and (C) be limited obligations of the Issuer, payable solely from the revenues of the Issuer derived from the sale or other disposition of the Project Facility.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

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

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

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

(2) Subject to the limitations contained in the Loan Agreement, so long as the Bonds shall be Outstanding, the Issuer will not take any action (or omit to take any action required by

the Financing Documents or which the Trustee or the College, together with Bond Counsel, advise the Issuer in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (a) cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Financing Documents, or (b) adversely affect the exclusion of the interest paid or payable on any Tax-Exempt Bond from gross income for federal income tax purposes. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the College is required to rebate any amount with respect to such administrative fee, the Issuer shall provide, upon the reasonable request of the College, such information concerning the investment of such administrative fee as shall be requested by the College and as shall be reasonably available to the Issuer.

<u>Representations and Covenants of the College</u> *(Section 2.2)*

The College makes the following representations and covenants, among others:

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

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

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

(4) All of the proceeds of the Initial Bonds shall be used to pay the costs of the Initial Project, and the total cost of the Initial Project is expected to at least equal $24,920,000.

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

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

Covenant with Trustee, Bondholders *(Section 2.3)*

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

Acquisition, Construction, Reconstruction and Installation of the Series 2019 Project Facility *(Section 3.1)*

The College shall promptly acquire, construct, reconstruct and install the Series 2019 Project Facility, or the cause the acquisition, reconstruction and installation of the Series 2019 Project Facility, all in accordance with the Plans and Specifications.

Issuance of the Initial Bonds; Loan of the Proceeds Thereof *(Section 3.2)*

In order to make the Loan for the purposes of financing a portion of the Cost of the Project relating to the Initial Project, together with other costs and incidental expenses in connection therewith, the Issuer agrees that it will use its best efforts to (a) issue and deliver the Series 2019A Bonds in the aggregate principal amount of $14,740,000, (b) issue and deliver the Series 2019B Bonds in the aggregate principal amount of $10,180,000 and (c) cause the Initial Bonds to be delivered to the Underwriter as original purchaser of the Initial Bonds, all as provided in the Initial Bond Resolution, the Certificate of Determination, the Initial Bond Purchase Agreement and the Indenture.

As provided in the Indenture, the proceeds from the sale of the Initial Bonds shall be loaned by the Issuer to the College and paid as follows: (1) a sum equal to any accrued interest, if any, paid by the Underwriter as original purchaser shall be shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Bond Fund, (2) a sum equal to the Reserve Fund Requirement with respect to the Initial Bonds shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Reserve Fund; (3) a sum equal to the Series 2019A Capitalized Interest Account Amount shall be deposited into the Series 2019A Capitalized Interest Account within the Funded Interest Fund; (4) a sum equal to the Series 2019B Funded Interest Account Amount shall be deposited into the Series 2019B Funded Interest Account within the Funded Interest Fund; and (5) the balance of the proceeds from the sale of the Bonds shall be deposited by the Issuer with the Trustee and deposited by the Trustee into the Project Fund. As provided in the Initial Bond Purchase Agreement, the Underwriter will advance the proceeds of the sale of the Initial Bonds to the Trustee in a single advance for deposit in accordance with the provisions of the Indenture. Pending disbursement pursuant to Section 3.4 of the Loan Agreement and the provisions of the Indenture, the proceeds of the Initial Bonds deposited in accordance with the provisions of the Indenture, together with any investment earnings thereon, shall constitute a part of the Trust Estate assigned by the Issuer to the payment of Debt Service Payments as provided in the Indenture.

Application of Proceeds of the Initial Bonds *(Section 3.3)*

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

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

Any moneys relating to the Initial Bonds remaining in the Project Fund after the date of completion of the Series 2019 Project Facility and the payment, or provision for payment, in full of the Project Costs relating to the Series 2019 Project Facility, at the direction of the Authorized Representative of the College, promptly shall be:

(1) used to construct, install, equip and improve such additional real or personal property in connection with the Series 2019 Project Facility as is designated by the Authorized Representative and the construction, installation, equipment and improvement of which will be permitted under the Enabling Act, provided that any such use shall be accompanied by evidence satisfactory to the Trustee that the average reasonably expected economic life of such additional property, together with the other property theretofore acquired with the proceeds of the Bonds, will not be less than 5/6ths of the average maturity of the Initial Bonds or, if such evidence is not presented with the direction, an opinion of Bond Counsel to the effect that the acquisition of such additional property will not result in the interest on the Initial Bonds becoming included in the gross income of the Holders of the Initial Bonds for federal income tax purposes;

(2) used for the purchase of Initial Bonds in the open market for the purpose of cancellation at prices not exceeding the full market value thereof plus accrued interest thereon to the date of payment therefor; or

(3) used for a combination of the foregoing as is provided in that direction.

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

Completion of the Series 2019 Project Facility *(Section 3.4)*

The College will proceed with due diligence to commence and complete the acquisition, construction, reconstruction and installation of the Series 2019 Project Facility.

Completion by the College *(Section 3.5)*

In the event that the Bond Proceeds are not sufficient to pay in full all costs of acquiring, constructing, reconstructing and installing the Series 2019 Project Facility, the College agrees to complete such acquisition, construction, reconstruction and installation and to pay all such sums as may be in excess of moneys available therefor in the Project Fund.

Investment of Fund Moneys *(Section 3.7)*

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

Rebate Fund *(Section 3.8)*

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

Loan Payments and other Amounts Payable *(Section 5.1)*

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

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

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

(3) on or before the fifth (5th) Business Day immediately preceding each Bond Payment Date upon which a principal payment is due on the Bonds, the College shall cause

immediately available funds to be delivered to the Trustee for deposit into the Bond Fund, in an amount equal to the amount due as principal on the Bonds on such Bond Payment Date.

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

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

(2) (a) On the Closing Date, the College shall pay to the Issuer, (i) a lump sum payment in an amount equal to the Issuer's administrative fee for the issuance of the Initial Bonds; plus (ii) an additional lump sum additional loan payment in an amount equal to the fees and expenses of general counsel and Bond Counsel to the Issuer relating to the Project.

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

(3) Upon receipt of notice from the Trustee pursuant to the Indenture that a withdrawal has been made from the Reserve Fund, the College will make available to the Trustee for deposit in the Reserve Fund moneys to replenish such withdrawal from the Reserve Fund in monthly payments commencing immediately succeeding the date of receipt by the College from the Trustee of notice of such withdrawal, each such monthly payment to be in an amount at least equal to one-twelfth of the withdrawal identified in such notice; provided that no further payments shall be required as a result of such notice if and when the amount on deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement.

(4) Upon receipt of notice from the Trustee pursuant to the Indenture that the periodic valuation of the Reserve Fund has determined that a deficiency exists in the amounts required to be on deposit to the credit of the Reserve Fund, the College will make available to the Trustee for deposit in the Reserve Fund moneys to replenish such deficiency in the Reserve Fund in monthly payments made prior to the next periodic valuation date, each such monthly payment to be in an amount at least equal to one-quarter of the deficiency identified in the notice of deficiency received by the College from the Trustee; provided that no further payments shall be

required as a result of such notice if and when the amount on deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement.

The College shall be entitled to a credit against the Loan Payments next required to be made under Section 5.1(A) of the Loan Agreement to the extent that the balance of the Bond Fund and the Funded Interest Fund is then in excess of amounts required (1) for payment of interest for which checks or drafts have been drawn and mailed by the Trustee and (2) for deposit in the Bond Fund and Funded Interest Fund for use other than for the payment of Debt Service Payments on the Interest Payment Date next following the applicable date such Loan Payments are due pursuant to Section 5.1(A) of the Loan Agreement. In any event, however, if on any Interest Payment Date, the balance in the Bond Fund and the Funded Interest Fund is insufficient to make required payments of Debt Service Payments on the Bonds, the College forthwith will pay to the Trustee, for the account of the Issuer and for deposit into the Bond Fund and the Funded Interest Fund (as the case may be), any deficiency.

Nature of Obligations of College under the Loan Agreement *(Section 5.2)*

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

Prepayment of Loan Payments *(Section 5.3)*

At any time that the Bonds are subject to redemption under the optional redemption provisions of the Indenture, the College may, at its option, prepay, in whole or in part, the Loan Payments payable under the Loan Agreement by causing there to be moneys in an amount equal to the Redemption Price of the Bonds being redeemed on deposit with the Trustee no more than sixty (60) days and no less than thirty (30) days prior to the date such moneys are to be applied to the redemption of such Bonds under the Indenture.

Maintenance and Modification of the Project Facility *(Section 6.1)*

So long as any of the Bonds are Outstanding, and during the term of the Loan Agreement, the College will keep the Project Facility in good condition and make all necessary repairs.

Taxes, Assessments And Utility Charges *(Section 6.2)*

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

Insurance Required *(Section 6.3)*

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

Damage, Destruction and Condemnation *(Section 7.1 and Section 7.2)*

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

College Not To Terminate Existence or Dispose of Assets; Conditions under which Exceptions are Permitted (*Section 8.4*)

The College agrees that, so long as the Bonds are Outstanding and/or during the term of the Loan Agreement, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not 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 another Person; provided, however, that, if no Event of Default specified in Section 10.1 of the Loan Agreement shall have occurred and be continuing (or if no event exists which with the passage of time or notice or both would become an Event of Default), and upon the consent of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then outstanding, the College may consolidate with or merge into another domestic entity organized and existing under the laws of one of the states of the United States, or permit one or more such domestic corporations to consolidate with or merge into it, or acquire all or substantially all of the assets of another Person, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, provided that (A) the College provides prior written notice thereof to the Issuer, and the Issuer gives its prior written consent to the proposed transaction, which consent of the Issuer shall not be unreasonably withheld or delayed, (B) the surviving, resulting or transferee entity is a "501(c)(3) organization" (as such quoted term is used in Section 145 of the Code) and assumes in writing all of the obligations of and restrictions on the College under the Loan Agreement and the other Financing Documents, (C) the proposed transaction will not, in and of itself, adversely affect the exclusion of the interest paid or payable on the Tax-Exempt Bonds from the gross income of the Holders thereof for federal income tax purposes, and (D) as of the date of such transaction, the Trustee and the Issuer shall be furnished with (1) an opinion of Bond Counsel as to the compliance with item (C) of this Section, (2) an opinion of counsel to the College as to compliance with item (B) of this Section and (3) a certificate, dated the effective date of such transaction, signed by an Authorized Representative of the College and an authorized officer of the surviving, resulting or transferee entity or the transferee of its assets, as the case may be, to the effect that immediately after the consummation of the transaction and after giving effect thereto, no Event of Default exists under the Loan Agreement and no event exists which, with notice or lapse of time or both, would become such an Event of Default.

Sale, Lease, Transfer or Other Disposition of Property (*Section 8.8*)

The College agrees that it will not, in any Fiscal Year, sell, lease, transfer or otherwise dispose (including without limitation any involuntary disposition) of any of its Property which, together with all other Property sold, leased, transferred or otherwise disposed of by the College in such Fiscal Year, has an aggregate fair market value greater than $25,000, except for (and subject to Section 8.8(B) of the Loan Agreement):

(1) sales, transfers, leases or other dispositions of Property (other than Current Assets):

(a) To any Person if, in the judgment of the College, such Property has, or within the next succeeding twenty-four (24) calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and such sale, lease, transfer or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property; or

(b) In return for other Property (including cash) of fair market value not significantly less than the Property for which it is being exchanged; or

(c) Upon fair and reasonable terms no less favorable to the College than the College would obtain in a comparable arm's-length transaction, if following such sale, lease, transfer or other disposition, the proceeds received by the College are applied to acquire Property or to repay the principal of Indebtedness; or

(d) Upon fair and reasonable terms no less favorable to the College than the College would obtain in a comparable arm's-length transaction, if such Property consists solely of vacant real property; and

(2) sales, transfers, leases or other dispositions of Current Assets:

(a) To any Person, for the payment of operating costs in the ordinary course of business; or

(b) To any Person upon delivery to the Trustee of a certificate of an Authorized Representative of the College certifying that, in the case of any disposition of Current Assets, the Days Cash on Hand of the College will not be reduced (i) by more than 10% and (ii) below 120 Days Cash on Hand.

The College covenants that, except for Permitted Encumbrances, the Mortgage is a valid first Lien on the Mortgaged Property and the College hereby agrees not to (i) sell, transfer or lease any Mortgaged Property or (ii) create or suffer to be created any other Lien, except for Permitted Encumbrances, on the Mortgaged Property or any part thereof or any funds of the Issuer applicable to the Mortgaged Property.

Termination *(Section 8.17)*

Upon (1) payment in full of the Loan evidenced by the Bonds, (2) termination of the Pledge and Assignment, (3) payment in full of all other Indebtedness evidenced by the Loan Agreement and (4) performance by the College of all other obligations of the College to the Issuer pursuant to the provisions of the Loan Agreement (collectively, the "Termination Preconditions"), the Loan Agreement shall terminate, except as provided in Section 11.8 thereof (Survival of Obligations). Upon satisfaction of the Termination Preconditions, the Issuer agrees to execute and deliver to the College the Termination of Loan Agreement.

Use of the Project Facility *(Section 8.18)*

Subsequent to the Closing Date, (A) the College shall not use the Project Facility, or permit the Project Facility to be used, by any Nonexempt Person or in any "unrelated trade or business", within the meaning of Section 513(a) of the Code, in such manner or to such extent as would cause the interest paid or payable on the Tax-Exempt Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes or loss of the College's status as an exempt organization under Section

501(c)(3) of the Code, and (B) the College shall be entitled to use the Project Facility as an educational facility, but not (1) as facilities used or to be used primarily for sectarian instruction or as a place of religious worship or (2) primarily as in connection with any part of a program of a school or department of divinity for any religious denomination.

Title Insurance *(Section 8.21)*

On the Closing Date, the College shall deliver to the Trustee a binding commitment to issue a lender's title insurance policy in the aggregate principal amount of the Initial Bonds pursuant to Section 8(k) of the Bond Purchase Agreement (the "Closing Policy"), which will contain (i) a statement in Schedule B of the Closing Policy (the "Exception Statement") that the Closing Policy does not insure title to, or the priority of the Mortgage on, the Excluded Parcels (as defined below), and (ii) an exception for any statement of facts an updated survey of the Mortgaged Property would show (a "Survey Exception"). The "Excluded Parcels" shall mean the Mortgaged Property other than (1) Shove Hall, (2) Shove Suites, (3) Park Hall, (4) the Campus Center at Watts Hall, (5) Stephen M. Schneeweiss Athletic Complex, (6) Christakos Field, (7) Clark Tennis Courts, (8) Reisman Hall and (9) the Equine Education Center, each (with the exception of the Equine Education Center) as located on the Campus.

Within ninety (90) days after the Closing Date (the "Replacement Policy Deadline"), the College shall deliver to the Trustee a binding commitment to issue a lender's title insurance policy in the aggregate principal amount of the Initial Bonds (the "Replacement Policy"), in lieu of and as a replacement for the Closing Policy, which shall ensure that the Trustee has a valid first lien on the Mortgaged Property, subject only to Permitted Encumbrances and removing the Exception Statement and the Survey Exception.

Assignment of the Loan Agreement *(Section 9.1)*

The Loan Agreement may not be assigned by the College, in whole or in part, without the prior written consent of the Issuer, which consent will not be unreasonably withheld or delayed.

Merger of the Issuer *(Section 9.2)*

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

Events of Default Defined *(Section 10.1)*

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

(1) A default by the College in the due and punctual payment of the basic Loan Payments due pursuant to the Loan Agreement.

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

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

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

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

(6) Any sale, conveyance, lease agreement or any other change of ownership of the Project Facility, whether occurring voluntarily or involuntarily, or by operation of law or otherwise, by the Issuer or the College (except pursuant to the Loan Agreement or a Permitted Encumbrance) of their respective interests in the Project Facility or any part thereof, or the granting of any easements or restrictions or the permitting of any encroachments on the Project Facility, except as permitted in the Loan Agreement or a Permitted Encumbrance.

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

(8) The removal of the Equipment or any portion thereof outside Madison County, New York, without the prior written consent of the Issuer, other than in connection with a removal under Section 9.4(C) of the Loan Agreement (permitting removal of obsolete or unnecessary portions of the Equipment).

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

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

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

<u>Remedies on Default</u> *(Section 10.2)*

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

(1) declare, by written notice to the College, to be immediately due and payable (a) all unpaid installment purchase payments payable pursuant to the Loan Agreement and (b) all other payments due under the Loan Agreement or any of the other Financing Documents;

(2) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due under the Loan Agreement and to enforce the obligations, agreements or covenants of the College under the Loan Agreement;

(3) terminate disbursement of the Bond Proceeds; or

(4) exercise any remedies available pursuant to any of the other Financing Documents.

No Recourse; Special Obligation *(Section 11.10)*

The obligations and agreements of the Issuer contained in the Loan Agreement and in the other Financing Documents and any other instrument or document executed in connection therewith, and any other instrument or document supplemental thereto, will be deemed the obligations and agreements of the Issuer, and not of any member, officer, director, agent, servant or employee of the Issuer in his individual capacity, and the members, officers, directors, agents, servants and employees of the Issuer will not be liable personally on the Loan Agreement or such other documents or be subject to any personal liability or accountability based upon or in respect of the Loan Agreement or such other documents or of any transaction contemplated by the Loan Agreement or such other documents.

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

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

SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND ASSIGNMENT

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

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

SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND SECURITY AGREEMENT

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

Definitions *(Section 1)*

"Gross Revenues" means, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the College, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, determined in accordance with generally accepted accounting principles, consistently applied, including but not limited to aid received by the College pursuant to federal or State law, requirements, grants or other programs, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the College; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law, including, without limitation (other than limitations imposed by law, or by donor or grantor restrictions on the use of gifts or grants, and the earnings thereon, to a specific object or purpose inconsistent with the use thereof for the payment of debt service on the Initial Bonds or for general operating expenses): (a) Accounts, (b) Chattel Paper (whether tangible or electronic), (c) Commercial Tort Claims, (d) Deposit Accounts, (e) Documents, (f) General Intangibles (including payment intangibles), (g) Instruments (including promissory notes), (h) Investment Property (including all securities), (i) Letter-of-Credit Rights (whether or not the Letter of Credit is evidenced by a writing), (j) Money (including contract rights or rights to the payment of money), and (k) Supporting Obligations, as such terms are defined in the Commercial Code.

"Secured Indebtedness" means (1) the payment of $24,920,000, being the aggregate principal amount of the Initial Bonds, together with premium, if any, and interest thereon, according to their tenor and effect; (2) the payment of all other sums required to be paid by the College hereunder and under the Loan Agreement and the other Financing Documents; and (3) the performance and observance by the College of all of the covenants, agreements, representations and warranties herein and in the Loan Agreement and the other Financing Documents made by the College.

All of the other capitalized terms used in the Pledge and Security Agreement and not otherwise defined therein shall have the meanings assigned thereto in the Indenture.

Pledge of Gross Revenues *(Section 3)*

In consideration of the issuance of the Initial Bonds, the making of the Loan and in order to secure the Secured Indebtedness, the College pledges, assigns, transfers, hypothecates and delivers to the Trustee, and grants to the Trustee a security interest in, all of College's right, title and interest in and to the Gross Revenues, whether now owned or at any time hereafter acquired or arising and wherever located, and all proceeds, products and accessions thereof.

The assignment of Gross Revenues by the College is a present, irrevocable, absolute and unconditional assignment of the Gross Revenues, reserving unto the College, however, a license to collect, retain, enjoy and use such Gross Revenues prior to the occurrence of an Event of Default (as defined in the Pledge and Security Agreement) beyond the expiration of any applicable notice and cure period. This license shall be revocable by Trustee at any time following the occurrence of an Event of Default beyond the expiration of any applicable notice and cure periods.

Collection and Use of Gross Revenues *(Section 8)*

Subject to the provisions of Section 3 of the Pledge and Security Agreement), so long as no Event of Default has occurred (beyond the expiration of any applicable notice and grace period) and is continuing the College may collect, retain, enjoy and use the Gross Revenues; provided, however, that the Trustee shall have the right at any time upon the occurrence and continuation of an Event of Default (beyond the expiration of any applicable notice and cure periods) and upon written notice to the College of its intention to do so, to notify the account debtors or obligors under the Gross Revenues of the assignment of such Gross Revenues to the Trustee and to direct such account debtors or obligors to make payment of all amounts due or to become due to the College thereunder directly to Trustee and, upon such notification and at the expense of the College, to enforce collection of any such Gross Revenues, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the College might have done. After receipt by the College of the notice from the Trustee referred to in the preceding sentence and subject to Section of the Pledge and Security Agreement, (a) all amounts and proceeds received by College, in respect of the Gross Revenues shall be received in trust for the benefit of the Trustee, shall be segregated from other funds of the College and shall be forthwith paid over to the Trustee in the same form as so received (with any necessary endorsement) to be applied as provided by the Pledge and Security Agreement, and (b) the College shall not adjust, settle or compromise the amount or payment of any receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without the consent of the Issuer.

Parity Obligations *(Section 9)*

Notwithstanding anything in the Pledge and Security Agreement to the contrary, the College may issue, incur or assume Long-Term Indebtedness secured by a Lien on Gross Revenues, which in the event of any default and acceleration or claim on the Gross Revenues is *pari passu* with the Lien on the Gross Revenues granted by the Pledge and Security Agreement in accordance with the terms of the Indenture and the Loan Agreement.

Events of Default *(Section 12)*

The following shall each be an “Event of Default” under the Pledge and Security Agreement and the terms “Event of Default” or “default” shall mean, whenever they are used in or with respect to the Pledge and Security Agreement, any one or more of the following events (beyond all applicable notice, cure and/or grace periods):

(A) a default in the due and punctual payment of principal of and premium, if any, and interest on, the Initial Bonds;

(B) if the College shall default in the due observance or performance of or compliance with any of the provisions, warranties, covenants, promises, agreements, terms or conditions to be observed, performed, or complied with by the College, as contained in the Pledge and Security Agreement other than those referred to in the other paragraphs of this Section, and such default shall continue for a period of thirty (30) days after notice thereof to the College by the Trustee; provided that in the case of a default under this paragraph (B) which cannot with due diligence be cured within such period of thirty (30) days, the time within which the College may cure the same shall be extended for such period as may be reasonably necessary in the College's reasonable discretion to cure the same with due diligence (but in no event more than ninety (90) days from said notice), so long as the College commences within such thirty (30) days and proceeds diligently to cure the same;

(C) the occurrence of a default or an Event of Default under any of the Indenture, the Loan Agreement or any other Financing Document beyond any applicable grace and cure periods;

(D) if any warranty, representation, certification, financial statement or other information made or furnished to induce the Issuer to issue the Initial Bonds, or made or furnished, at any time, in or pursuant to the terms of the Pledge and Security Agreement or otherwise by the College, shall prove to have been false or misleading in any material respect when made;

(E) the College shall (1) be generally not paying its debts as they become due, (2) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (3) make a general assignment for the benefit of its general creditors, (4) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (5) be adjudicated insolvent or be liquidated or (6) take corporate action for the purpose of any of the foregoing;

(F) the College shall conceal, remove or permit to be concealed or removed any part of the Gross Revenues with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of the Gross Revenues which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; or

(G) the imposition of a lien on the Gross Revenues, excepting the security interest created under the Pledge and Security Agreement, Permitted Encumbrances or liens being contested as provided in the Pledge and Security Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE

Pursuant to the Mortgage, the College will grant to the Issuer a lien on and security interest in the Project Facility as additional security for the Initial Bonds. Reference is made to the Mortgage for complete details of the terms thereof. The following is a brief summary of certain provisions of the Mortgage and should not be considered a full statement thereof.

Granting Clauses *(Section 2.01)*

Pursuant to the Mortgage, to secure the payment of principal of, premium, if any, and interest on the Initial Bonds, all amounts required to be paid under the Loan Agreement and the performance of the obligations of the Issuer and the College under the other Financing Documents, the College grants to the Issuer a mortgage on and a security interest in all right, title and interest of the Issuer and the College in the following (collectively, the "Mortgaged Property"):

(A) The real property as more particularly described in Exhibit A to the Mortgage (the "Mortgaged Land"), together with the appurtenances thereto and the title in and to any portion of the Mortgaged Land lying in the streets and roads in front of and adjoining said Mortgaged Land;

(B) All buildings, structures, improvements, fixtures and appurtenances now standing, or at any time hereafter constructed or placed, upon the Mortgaged Land or any part thereof, including all right, title and interest of the Issuer and the College in and to all building materials and fixtures of every kind and nature whatsoever on the Mortgaged Land or in any building now or hereafter standing on the Mortgaged Land or any part thereof, including, without limitation, the Facility, together with all construction contracts, subcontracts, licenses, permits, and approvals for the Facility;

(C) The equipment as more particularly described in Exhibit B to the Mortgage (collectively, the “Mortgaged Equipment”), together with all repairs, replacements, improvements, substitutions and renewals thereof and therefore, and all parts, accessories and additions incorporated therein or affixed thereon;

(D) All easements, rights-of-way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Mortgaged Property (including, without limitation, any and all development rights, air rights or similar or comparable rights of any nature whatsoever now or hereafter appurtenant to the Mortgaged Property or now or hereafter transferred to the Mortgaged Property) and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Mortgaged Property to the center line thereof;

(E) Any and all moneys, securities and other investment property from time to time held by the Issuer under the terms of the Mortgage or by the Trustee under the terms of the Indenture (other than moneys, securities and other investment property held in the Rebate Fund), and any and all other Property of every name and nature, from time to time hereinafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the College or by anyone on its behalf or with its written consent in favor of the Issuer or the Trustee;

(F) All rights and interests of the College in any and all moneys due or to become due to the College under or arising out of the Loan Agreement or the Indenture; provided, that the assignment made by this clause shall not impair or diminish any obligation of the College under the Loan Agreement; provided, further, however, that the assignment made by this clause shall not give to the Issuer the right to amend the Loan Agreement without the prior written consent of the College;

(G) All leases, subleases, licenses, contract rights, general intangibles, accounts and other agreements affecting the acquisition, construction, use, operation or occupancy of all or any portion of the Mortgaged Property or the other real property described above now or hereafter entered into, and the right to receive and apply the rents, issues, fees and profits of the Mortgaged Property or the other real property described above to the payment of the Mortgage Indebtedness;

(H) All rights and interests of the College in any insurance policies affecting the Mortgaged Property, and all proceeds of and any unearned premiums on any insurance policies covering the Mortgaged Property or the other real property described above, including, without limitation, the right to receive and apply the proceeds of any insurance or judgments, or settlements made in lieu thereof, for damage to any of the foregoing, subject to the College’s right to use such insurance proceeds or condemnation award for restoration of the Mortgaged Property as provided in the Loan Agreement;

(I) All right, title and interest of the College in and to (1) all contracts from time to time executed by the College or any manager or agent on its behalf relating to the ownership, construction, maintenance, repair, operation, occupancy, sale, license or financing of the Mortgaged Property or any part thereof and all agreements relating to the purchase, lease or occupancy of any portion of the

Mortgaged Property or any property which is adjacent or peripheral to the Mortgaged Property, (2) all consents, licenses, building permits, certificates of occupancy and other governmental approvals relating to construction, completion, occupancy, use or operation of the Mortgaged Property or any part thereof, and (3) all drawings, plans, specifications and similar or related items relating to the Mortgaged Property;

(J) All trade names, trademarks, logos, copyrights, good will and books and records, to the extent same are used solely in connection with the operation of the Mortgaged Property or any part thereof, and all general tangibles of the College related to the use, operation or construction of the Mortgaged Property, now existing or hereafter arising;

(K) All other proceeds of the conversion, whether voluntary or involuntary, of the Mortgaged Property or any other Property or rights encumbered or conveyed under the Mortgage into cash or liquidated claims, including, without limitation, all hazard insurance, Condemnation and other awards, subject to the College's right to use such Condemnation award for restoration of the Mortgaged Property as provided in the Loan Agreement;

(L) All extensions, additions, substitutions and accessions with respect to any of the foregoing, and all proceeds and products (both cash and non-cash) of all of the foregoing; and

(M) The right, in the name and on behalf of the College, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of the Issuer or the Trustee in the Mortgaged Property;

<u>Events of Default</u> *(Section 6.01)*

The following events constitute Events of Default under the Mortgage:

(1) default by the College in the due and punctual payment of any sum due under Section 5.1(A) of the Loan Agreement;

(2) default by the College in the due and punctual payment of any sum due under the Loan Agreement relating to the principal of, premium, if any, and interest on the Bonds;

(3) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the College in the Mortgage or any other Financing Document to be performed or observed and the continuance thereof for a period of thirty (30) days after written notice is given by the Issuer to the College, or, if such covenant, condition or agreement is capable of cure but cannot be cured within such thirty (30) day period, the failure of the College to commence to cure within such thirty (30) day period and to thereafter prosecute the same with due diligence and, in any event, to cure such default within sixty (60) days after such written notice is given;

(4) the occurrence of an "Event of Default" under any of the Financing Documents;

(5) any representation or warranty made by the College in the Mortgage or in any other Financing Document shall have been materially false at the time that it was made;

(6) the College shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due;

(7) the College shall conceal, remove or permit to be concealed or removed any part of its Property, with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Property which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; or make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Property through legal proceedings or distraint which is not vacated within thirty (30) days from the date thereof;

(8) the Mortgaged Property, or any part thereof, is in any manner, whether voluntarily or involuntarily, encumbered, assigned, leased, subleased, sold, transferred or conveyed, except as is expressly provided in the Loan Agreement, or the College threatens to encumber, assign, lease, sublease, sell, transfer or convey, the Mortgaged Property, or any part thereof, to any person without the prior written consent of the Issuer, except as is expressly provided in the Loan Agreement;

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

(10) final judgment for the payment of money in excess of $500,000 shall be rendered against the College and the College shall not discharge the same or cause it to be bonded or discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered and secure a stay of execution pending such appeal; and

(11) the imposition of a Lien on the Mortgaged Property other than a Lien being contested as provided in Section 8.8(B) of the Loan Agreement or a Permitted Encumbrance.

Enforcement of Remedies *(Section 6.03)*

Upon the happening of any Event of Default, the Issuer may (A) accelerate the Indebtedness, and/or (B) commence an action to foreclose the Lien of the Mortgage on the Mortgaged Property, and/or (C) exercise various other remedies.

The Net Proceeds received by the Issuer pursuant to any right given or action taken pursuant to the enforcement provisions of the Mortgage shall be applied in the following order of priority (A) first, to the payment of the fees, costs and expenses of the Issuer, including reasonable attorney's fees; (B) second, in accordance with the provisions contained in the Indenture respecting the application of moneys received under the enforcement provisions of the Indenture; (C) third, to the payment of any sum or charge (other than principal, premium, if any, or interest) evidenced or secured by the Mortgage and all interest payable thereon; (D) fourth, to the payment of interest on principal amounts then due and payable under the Loan Agreement or any other Financing Document; and (E) fifth, the balance thereof to be applied in reduction of any other amounts then due and payable under the Loan Agreement or any other Financing Document.

The Issuer may, in its discretion, agree to waive any Event of Default and its consequences and annul any acceleration.

Appointment of Receivers *(Section 6.04)*

Upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the Trustee under the Mortgage, the Issuer is entitled to the appointment of a receiver of the Mortgaged Property.

Application of Moneys *(Section 6.05)*

The Net Proceeds received by the Issuer pursuant to any right given or action taken pursuant to the enforcement provisions of the Mortgage shall be applied in the following order of priority (A) first, to the payment of the fees, costs and expenses of the Issuer, including reasonable attorney's fees; (B) second, in accordance with the provisions contained in the Indenture respecting the application of moneys received under the enforcement provisions of the Indenture; (C) third, to the payment of any sum or charge (other than principal, premium, if any, or interest) evidenced or secured by the Mortgage and all interest payable thereon; (D) fourth, to the payment of interest on principal amounts then due and payable under the Loan Agreement or any other Financing Document; and (E) fifth, the balance thereof to be applied in reduction of any other amounts then due and payable under the Loan Agreement or any other Financing Document.

SUMMARY OF CERTAIN PROVISIONS OF THE ASSIGNMENT OF MORTGAGE

Pursuant to the Assignment of Mortgage, the Issuer will assign its rights, title and interest in and to the Mortgage to the Trustee. Reference is made to the Assignment of Mortgage for complete details of the terms thereof and the foregoing should not be considered a full statement thereof.

APPENDIX D

FORM OF BOND COUNSEL OPINION

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APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

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

September 24, 2019

Madison County Capital Resource Corporation
3215 Seneca Turnpike
Canastota, New York 13032

Re: Madison County Capital Resource Corporation
Tax-Exempt Revenue Bonds
(Cazenovia College Project), Series 2019A
in the aggregate principal amount of $14,740,000

Madison County Capital Resource Corporation
Taxable Revenue Bonds (Cazenovia College Project), Series 2019B
in the aggregate principal amount of $10,180,000

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof of the Tax-Exempt Revenue Bonds (Cazenovia College Project), Series 2019A in the aggregate principal amount of $14,740,000 (the “Series 2019A Bonds”) and the Taxable Revenue Bonds (Cazenovia College Project), Series 2019B in the aggregate principal amount of $10,180,000 (the “Series 2019B Bonds” and collectively with the Series 2019A Bonds, the “Initial Bonds”) by Madison County Capital Resource Corporation (the “Issuer”) (a public instrumentality of Madison County, New York), a New York not-for-profit corporation, created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Enabling Act”).

The Initial Bonds are being issued under and pursuant to a bond resolution adopted by the members of the Issuer on July 2, 2019, a certificate of determination dated September 24, 2019 (the “Certificate of Determination”) executed by the Chairman, Vice Chairman or Executive Director of the Issuer and a trust indenture dated as of September 1, 2019 (the “Indenture”) by and between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”), in connection with a project (the “Project”) to be undertaken by the Issuer for the benefit of Cazenovia College (the “College”), said Project consisting of the following: (A) the refinancing of certain existing indebtedness of the College payable by the College to Morgan Stanley Private Bank, National Association, the proceeds of which were used to refinance certain prior indebtedness of the College incurred to finance and/or refinance the acquisition, construction, renovation, furnishing and equipping of various College facilities on the College’s main campus (the “Campus”) and the College’s campus housing the Equine Education Center, each located in the Village and/or Town of Cazenovia, Madison County, New York (the “Prior Facility”); (B) the financing of certain capital improvements to existing facilities located on the Campus consisting of the acquisition and installation of replacement HVAC systems and electrical distribution panels in Hubbard Hall, Eddy Hall, Coleman Hall and Williams Hall and the renovation and repair of other academic, residential, student life, administrative and athletic facilities located on the Campus (collectively, the "Series 2019 Facility") and the acquisition and installation thereon and therein of various machinery and equipment (the "Series 2019 Equipment" and together with the Series 2019 Facility and the Prior Facility collectively referred to hereinafter as the "Initial Project Facility"), all of the foregoing to constitute an educational facility and other directly and indirectly related activities for use by the College; (C) the financing of all or a portion of the costs of the foregoing by the issuance of the Initial Bonds; and (D) paying a portion of the costs incidental to the issuance of the Initial Bonds, including issuance costs of the Initial Bonds and any reserve funds as may be necessary to secure the Initial Bonds. The Issuer will make a loan to the College of the proceeds of the Initial Bonds (the "Loan") for the purpose of assisting in financing the Project, and document the Loan by entering into a loan agreement dated as of September 1, 2019 (the "Loan Agreement") between the Issuer, as lender, and the College, as borrower.

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

The principal of, redemption premium, if any, and interest on the Initial Bonds are payable from loan payments to be made by the College under the Loan Agreement. As security for the Initial Bonds, the Issuer has executed and delivered to the Trustee a pledge and assignment dated as of September 1, 2019 (the "Pledge and Assignment") which assigns to the Trustee certain of the Issuer's rights under the Loan Agreement.

The College's obligations pursuant to the Loan Agreement will be secured by a pledge and security agreement dated as of September 1, 2019 (the "Pledge and Security Agreement") from the College to the Trustee, pursuant to which the College grants to the Trustee a security interest in the Gross Revenues of the College (as defined therein).

As additional security for the Initial Bonds, (A) the College will execute and deliver to the Issuer a mortgage dated as of September 1, 2019 (the "Mortgage") from the College to the Issuer, which Mortgage among other things, (1) grants to the Issuer a first mortgage lien on, and a security interest in, among other things, the Project Facility and (2) assigns to the Issuer the rents, issues and profits of the Project Facility and (B) the Issuer will execute and deliver to the Trustee an assignment of mortgage dated as of September 1, 2019 (the "Mortgage Assignment") from the Issuer to the Trustee, pursuant to which the Issuer will assign the Mortgage to the Trustee.

As further security for the Initial Bonds, (A) the College will execute and deliver to the Issuer an assignment of rents and leases dated as of September 1, 2019 (the "Assignment of Rents") from the College to the Issuer, which Assignment of Rents, among other things, assigns to the Issuer (a) the rents, issues and profits of the Project Facility and (b) all leases, subleases, licenses or occupancy agreements affecting the Project Facility, and (B) the Issuer will execute and deliver to the Trustee an assignment of assignment of rents and leases dated as of September 1, 2019 (the "Assignment of Rents Assignment") from the Issuer to the Trustee, pursuant to which the Issuer will assign the Assignment of Rents to the Trustee.

You have received an opinion of even date herewith of Bond, Schoeneck & King, PLLC, counsel to the College, upon which you are relying as to the validity and enforceability of the Indenture, the Initial Bonds and the security documents securing same. No opinion as to such matters is expressed herein.

We have examined specimen Initial Bonds and executed counterparts of the Indenture, the Loan Agreement and the Pledge and Assignment (collectively, the "Issuer Documents") and a certain tax regulatory agreement dated the date hereof from the College to the Trustee and the Issuer (the "Tax Regulatory Agreement") relating to the Series 2019A Bonds and such certified proceedings and such other documents as we deemed necessary to render this opinion.

With respect to the due authorization, execution and delivery by the College of the agreements to which it is a party, we have relied on the opinion of Bond, Schoeneck & King, PLLC, counsel to the College. With respect to the due authorization, execution and delivery by The Bank of New York Mellon (both in its corporate capacity as signatory of the Indenture and in its capacity as Trustee) of the agreements to which it is a party, we have relied on the opinion of Paparone Law PLLC, counsel to the Trustee.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. Furthermore, in rendering the following opinions, we have assumed that all documents executed by a person or persons other than the Issuer were duly executed and delivered by said other person or persons and that said documents constitute legal, valid and binding obligations of said person or persons enforceable against said person or persons in accordance with their terms.

In rendering the opinions expressed in paragraphs (D) and (E) below, we note that the exclusion of the interest on the Series 2019A Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder (collectively, the "Tax Requirements"). In our opinion, the Tax Regulatory Agreement and the other Financing Documents (as defined in the Indenture) establish requirements and procedures, compliance with which will satisfy the Tax Requirements. It should be noted, however, that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2019A Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the College.

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

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

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

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

(D) The interest on the Series 2019A Bonds is excludable from gross income for federal income tax purposes and is not an “item of tax preference” for purposes of the individual alternative minimum tax imposed by the Code, although such interest is included in adjusted current earnings in calculating the corporate alternative minimum taxable income imposed by the Code only for taxable years that began prior to January 1, 2018; provided, however, that (a) the College or another Person, by failing to comply with the Tax Requirements, may cause interest on the Series 2019A Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Series 2019A Bonds is included in determining (i) the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code, (ii) passive investment income for purposes of computing the tax on net passive income imposed on certain subchapter S corporations under Section 1375 of the Code, and (iii) the modified adjusted gross income of a taxpayer for purposes of computing the portion of Social Security or Railroad Retirement benefits included in gross income under Section 86 of the Code.

(E) The Series 2019A Bonds do not constitute “arbitrage bonds”, within the meaning of Section 148 of the Code, except as specified below.

(F) So long as interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes, the interest on the Series 2019A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

(G) The interest on the Series 2019B Bonds is not excludable from gross income for federal income tax purposes and interest on the Series 2019B Bonds is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

We call your attention to the fact that the College or another person, by failing to comply with the Tax Requirements as set forth in the Code and the Tax Regulatory Agreement, may cause interest on the Series 2019A Bonds to become subject to federal income taxation from the date hereof. We express no opinion regarding other federal tax consequences arising with respect to the Series 2019A Bonds.

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

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

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the other Financing Documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion with respect to the exclusion of interest on the Series 2019A Bonds from gross income for federal income tax purposes is expressed herein as to the Series 2019A Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Hodgson Russ LLP.

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

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

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

Very truly yours,

HODGSON RUSS LLP

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APPENDIX E

SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement") is executed and delivered as of September 1, 2019 by CAZENOVIA COLLEGE (the "College"), and The Bank of New York Mellon, in its capacity as dissemination agent hereunder (the "Dissemination Agent"), in connection with the issuance by the Madison County Capital Resource Corporation (the "Issuer") of its $14,740,000 Tax-Exempt Revenue Bonds (Cazenovia College Project), Series 2019A (the "Series 2019A Bonds") and $10,180,000 Taxable Revenue Bonds (Cazenovia College Project), Series 2019B (the "Series 2019B Bonds" and together with the Series 2019A Bonds, the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of September 1, 2019 (the "Indenture") between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Bonds are payable from loan payments to be made by the College under a Loan Agreement dated as of September 1, 2019 (the "Loan Agreement") between the College and the Issuer with respect to the Project. Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Indenture or the Loan Agreement.

Section 1. **Purpose of the Disclosure Agreement**. This Disclosure Agreement is being executed and delivered by the College and the Dissemination Agent for the benefit of the Bondholders. The College is the only "obligated person" (as defined by Rule 15c2-12 of the Securities and Exchange Act of 1934 (the "Rule")) with responsibility for continuing disclosure. The College and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any Person, including any Bondholder.

Section 2. **Definitions**. The following capitalized terms shall have the following meanings:

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

"Dissemination Agent" shall mean The Bank of New York Mellon, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the College and which has executed a written acceptance of such designation in the form attached hereto as Exhibit B.

"Limited Offering Memorandum" means the Limited Offering Memorandum dated September 4, 2019, relating to the Bonds.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission (the "SEC") to receive reports or notices pursuant to the Rule.

"Underwriter" shall mean the original underwriter of the Bonds.

Section 3. Provision of Annual Reports.

(a) The College shall, not later than one hundred fifty (150) days after the end of the College's fiscal year (which fiscal year currently ends on June 30 of each calendar year), commencing with the report for the fiscal year ending June 30, 2019, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the College may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the College changes, the College shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the College shall provide the Annual Report to the Dissemination Agent. The College shall provide a written certification with the Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the College hereunder. The Dissemination Agent may conclusively rely upon such certification of the College and shall have no independent duty to review such Annual Report. If by fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the College to notify the College of the requirements of subsection (a) and this subsection (b).

(c) If the Dissemination Agent has not received either an Annual Report with the written certification of the College referred to in Section 3(b) or written notice from the College that it has filed the Annual Report with the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall, to the extent the College has provided the Annual Report and written certification to the Dissemination Agent, file the Annual Report with the MSRB by the date specified in subsection (a), and file a report with the Issuer and the Trustee (if the Dissemination Agent is not the Trustee), certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, setting forth the date it was provided to the MSRB, and if the Dissemination Agent has actual knowledge that one or more entities other than the MSRB have been designated by the SEC to receive reports pursuant to the Rule, specifying the name, address and method of filing applicable to each such entity.

(e) Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org.

Section 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the College for the prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to the College from time to time. If the College's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements contained in the final Limited Offering Memorandum, and the audited financial statements shall be filed in the same manner as the Annual Report, if and when they become available.

(b) A certificate of an authorized representative of the College stating whether, to the best of such authorized representative's knowledge, any condition exists which is, or could reasonably be expected to be with notice or lapse of time, an event of default under the Indenture.

(c) An update of the information contained in the table under the caption "DEBT SERVICE SCHEDULE" in the Limited Offering Memorandum to include debt service on all Long-Term Indebtedness, the total amount of Long-Term Indebtedness outstanding, and the Maximum Annual Debt Service for all outstanding Long-Term Indebtedness.

(d) (i) An update of the information described below, which is contained in Appendix A to the Limited Offering Memorandum under the following headings:

FACULTY AND EMPLOYEES (all tables)
ENROLLMENT (all tables)
TUITION, FEES, ROOM AND BOARD (all tables)
STUDENT HOUSING (all tables)
CERTAIN FINANCIAL INFORMATION – Fundraising
CERTAIN FINANCIAL INFORMATION – Expendable Liquidity and Days Cash on Hand
CERTAIN FINANCIAL INFORMATION – Outstanding and Pro Forma Indebtedness

(ii) An update of the information contained in the Limited Offering Memorandum under the heading "ABSENCE OF MATERIAL LITIGATION – The College"; and

(iii) A description of any assets transferred pursuant to Section 8.8 of the Loan Agreement.

(e) Annual insurance certificates demonstrating compliance with the requirements of Section 6.3 of the Loan Agreement.

The items listed above may be included by specific reference to other documents, including Limited Offering Memorandums of debt issues for the benefit of the College or related public entities, which have been submitted to EMMA or the SEC. The College shall clearly identify each such other document so included by reference. The College is solely responsible for the content and format of the Annual Report.

Section 5. Additional Reporting Requirements.

(a) On or before June 1 of each year, commencing June 1, 2020, the College will file, or cause the Dissemination Agent to file, to EMMA the College's operating budget for the next Fiscal Year, commencing with the operating budget for the Fiscal Year ending June 30, 2021.

(b) On or before October 15 of each year, the College will file, or cause the Dissemination Agent to file, to EMMA the College's current enrollment of full-time students as of its census date each year and on or before March 15 of each year, the College will file, or cause the Dissemination Agent to file, to EMMA the College's current enrollment of full-time students as of the census date for the spring semester of such year.

(c) Within 45 days following December 31 and June 30, commencing with the semiannual period ended December 31, 2019, (a) the College will post, or cause the Dissemination Agent to post, to EMMA, semiannual unaudited financial statements (balance sheet and income statement) and (b) a certificate of the College setting forth the Days Cash on Hand as of the end of such semiannual period; and

(d) If by five (5) days prior to the date specified in subsections (a) through (c) hereof for filing any report to EMMA, the Dissemination Agent has not received a copy of such report, the Dissemination Agent shall contact the College to notify the College of the requirements of subsections (a) through (c).

(e) Within five (5) days of its delivery to the Trustee, the College will file, or cause the Dissemination Agent to file, to EMMA a notice that the Replacement Policy (as defined in the Loan Agreement) has been delivered by the College to the Trustee in accordance with Section 8.21 of the Loan Agreement.

Section 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, the College shall give, or cause to be given, notice to the Dissemination Agent in writing, with instructions to the Dissemination Agent to file a notice of the occurrence of any of the following events with respect to the Bonds, pursuant to subsection 6(b) hereof (the following are "Listed Events"):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on the debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 or determinations with respect to the tax status of the Series 2019A Bonds;

(vii) Modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership, or similar event of the College, which 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 United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the 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;

(xiii) 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;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence by the College of a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii), excluding municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule (each, a "Financial Obligation"), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the College, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the College, any of which reflect financial difficulties; and

(b) The College agrees that its determination of whether any event listed in subsection (a) above is material shall be made in accordance with federal securities law.

(c) The College shall promptly notify the Dissemination Agent in writing of the occurrence of any of the Listed Events.

(d) If the Listed Event must be reported without regard to whether or not it is material under applicable federal securities laws, such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If materiality is a condition precedent to the requirement that the Listed Event be reported, and the College determines that knowledge of the occurrence of the Listed Event is material under applicable federal securities laws, such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the College to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA.

Section 7. **MSRB; EMMA**. Documents submitted to the MSRB, including EMMA, pursuant to this Disclosure Agreement shall be in electronic format and accompanied by identifying information as prescribed by the MSRB, in accordance with the Rule.

Section 8. **Bondholder Calls**. On or about each December 15, commencing on or about December 15, 2019, the College shall arrange an investor call with Bondholders regarding performance of the College for the period ending with the preceding June 30. In addition, the College will make its appropriate officers available for investor calls at a mutually agreeable time upon no less than 10 days' prior written request of the holders of a majority in aggregate principal amount of Bonds then Outstanding, but shall not be required to hold investor calls more frequently than on a quarterly basis. The College shall provide at least 10 days' notice of such calls to EMMA.

Section 9. **Termination of Reporting Obligation**. The College's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the College shall give notice of such termination in the same manner as for a Listed Event under Section 6. If the College's obligations under the Loan Agreement are assumed in full by some other entity, such Person shall be responsible for compliance with this Disclosure Agreement relating thereto in the same manner as if it were the College and the College shall have no further responsibility hereunder with respect thereto.

Section 10. **Dissemination Agent**. The College may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon. The Dissemination Agent may resign at any time by providing at least thirty (30) days written notice to the College. If a successor Dissemination Agent is appointed to assist the College in carrying out its obligations under this Disclosure Agreement, such successor Dissemination Agent shall execute an acceptance of duties as Dissemination Agent in substantially the form attached as Exhibit B hereto.

Section 11. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Agreement, the College and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the College, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Bonds, or the type of business conducted;

(b) This Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the Bonds after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Bondholders of the Bonds in the same manner as provided in the Indenture for amendments to such Indenture with the consent of Bondholders, or (ii) does not, in the opinion of Bond Counsel, materially impair the interests of the registered owners or beneficial owners of the Bonds.

Notwithstanding the foregoing, this Disclosure Agreement may be amended by mutual agreement of the College and the Dissemination Agent without the conditions of this Section 11 (a), (b), and (c) having been met if the sole purpose of the amendment is to require that the College provide disclosure in addition to the disclosure the College is required to provide pursuant to this Disclosure Agreement prior to the effectiveness of any such amendment.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the College shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 12. **Additional Information**. Nothing in this Disclosure Agreement shall be deemed to prevent the College from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, semi-annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the College chooses to include any information in any Annual Report or semi-annual report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the College shall have no obligation under this Agreement to update such information or include it in any future Annual Report or semi-annual report or notice of occurrence of a Listed Event.

Section 13. **Default**. In the event of a failure of the College or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Bondholder 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 Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under either the Indenture or Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the College or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. In no event shall any violation of this Disclosure Agreement, by itself, constitute a violation of any other laws, including other applicable securities laws.

Section 14. **Immunities and Liabilities of the Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the College agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the College for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the College from time to time. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the College hereunder and shall not be deemed to be acting in any fiduciary capacity for the College, the Bondholders or any other party. The Dissemination Agent shall not be responsible for the College's failure to submit a complete Annual Report to the MSRB resulting from College's submission to the Dissemination Agent of an incomplete Annual Report. The Dissemination Agent is not responsible for ensuring the compliance with any rule or regulation of the Issuer or Underwriter in connection with the filings of information herein but is merely responsible for the filing of any such information provided to the Dissemination Agent by the College. The obligations of the College under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 15. **Notices** Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

(a)	If to the Dissemination Agent:	The Bank of New York Mellon 250 Greenwich Street; 7E New York, New York 10286 Attention: Craig S. Wenzler
(b)	If to the College:	Cazenovia College 22 Sullivan Street Cazenovia, New York 13036 Attention: Ronald Chesbrough, President
	With a copy to:	Bond, Shoeneck & King, PLLC One Lincoln Center Syracuse, New York 13202 Attention: Paul W. Reichel, Esq.

Section 16. **Beneficiaries**. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Underwriter, the Bondholders from time to time, and shall create no rights in any other Person or entity.

IN WITNESS WHEREOF, the parties have executed this Disclosure Agreement on the date first written above.

CAZENOVIA COLLEGE

By: ______________________________
Authorized Officer

THE BANK OF NEW YORK MELLON

By: ______________________________
Authorized Officer

EXHIBIT A

FORM OF NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Madison County Capital Resource Corporation (the "Issuer")
Name of Issue:	Tax-Exempt Revenue Bonds (Cazenovia College Project), Series 2019A and Taxable Revenue Bonds (Cazenovia College Project), Series 2019B (the "Bonds")
Name of the College:	Cazenovia College (the "College")
Date of Issuance:	September 24, 2019

NOTICE IS HEREBY GIVEN that the College has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of September 1, 2019, with respect to the Bonds. The College anticipates that the Annual Report will be filed by ________________________________.

Date: ________________________

________________________,
as Dissemination Agent

By: _________________________________
Name: _______________________________
Title: ________________________________

EXHIBIT B

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT

The undersigned, duly authorized officer of [Name of Successor Dissemination Agent] (the "Dissemination Agent") hereby accepts the duties and obligations imposed upon the undersigned as Dissemination Agent under the Continuing Disclosure Agreement dated as of September 1, 2019, between Cazenovia College and The Bank of New York Mellon, as initial Dissemination Agent.

The principal corporate trust office of the Dissemination Agent is ____.

Date: ___________________________

______________________________________,
as successor Dissemination Agent

By: __________________________________
Name: ________________________________
Title: _________________________________

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

Unless otherwise noted, the following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2019 Bonds, payment of interest and other payments on the Series 2019 Bonds to Participants or Beneficial Owners (as such terms are defined below) of the Series 2019 Bonds, confirmation and transfer of beneficial ownership interests in the Series 2019 Bonds and other Series 2019 Bond-related transactions by and between DTC, Participants and Beneficial Owners of the Series 2019 Bonds is based solely on information furnished by DTC to the Issuer for inclusion herein. Accordingly, the Issuer, the College and the Underwriter do not and cannot make any independent representations concerning these matters.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate in typewritten form will be issued for each stated maturity of each Series of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2019 BONDS, REFERENCES HEREIN TO BONDHOLDERS OR OWNERS OF THE SERIES 2019 BONDS (OTHER THAN UNDER THE CAPTION "TAX TREATMENT" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2019 BONDS.

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

DTCC is owned by 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 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 2019 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 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019 Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within an issue 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 2019 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 College 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 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2019 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 College 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 bonds 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, Trustee, Issuer, or the College, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the College, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2019 Bonds at any time by providing reasonable notice. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository); in that event, the Bond certificates will be printed and delivered to the Participants for delivery to the Beneficial Owners. The information in this section concerning DTC and DTC's book entry system has been obtained from sources believed to be reliable, but neither the Issuer nor the College assumes any responsibility for the accuracy thereof.

THE ISSUER, THE COLLEGE, THE TRUSTEE AND THE UNDERWRITER WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2019 BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY THE DEPOSITORY OR ANY PARTICIPANT; (ii) THE PAYMENT BY THE DEPOSITORY TO ANY PARTICIPANT OR BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019 BONDS; (iii) THE DELIVERY OF ANY NOTICE BY THE DEPOSITORY TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE INDENTURE; (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2019 BONDS; OR (v) ANY OTHER ACTION TAKEN BY THE DEPOSITORY AS OWNER OF THE SERIES 2019 BONDS.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but the Issuer, the College, the Trustee and the Underwriter take no responsibility for the accuracy thereof, and neither Participants nor Beneficial Owners should rely on the foregoing information with respect to such matters. Instead, they should confirm the same with DTC or the Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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MADISON COUNTY CAPITAL RESOURCE CORPORATION • TAX-EXEMPT REVENUE BONDS, SERIES 2019A AND TAXABLE REVENUE BONDS, SERIES 2019B (CAZENOVIA COLLEGE PROJECT)

CAZENOVIA COLLEGE

AMICITIA ET VERITAS

FOUNDED IN 1824

Mixed Sources
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