

NEW ISSUE

Moody's "Aa2"
(See "Rating" herein)



DAC Bond

<p>\$9,490,000*</p> <p>DORMITORY AUTHORITY OF THE STATE OF NEW YORK</p> <p>SHELTER ISLAND PUBLIC LIBRARY SOCIETY REVENUE BONDS,</p> <p>SERIES 2025</p>	
<p>Dated: Date of Delivery</p>	<p>Due: October 1, as shown on inside cover</p>

Payment and Security: The Shelter Island Public Library Society Revenue Bonds, Series 2025 (the "Series 2025 Bonds") are special obligations of the Dormitory Authority of the State of New York ("DASNY"), payable solely from and secured by a pledge of certain payments to be made under the Loan Agreement (the "Loan Agreement") dated as of January 15, 2025 between the Shelter Island Public Library Society (the "Library") and DASNY, and all the funds and accounts (except the Arbitrage Rebate Fund) authorized under DASNY's Shelter Island Public Library Society Revenue Bond Resolution, adopted January 15, 2025 (the "Resolution") and established under DASNY's Series Resolution Authorizing Up To \$9,500,000 Shelter Island Public Library Society Revenue Bonds, Series 2025, adopted January 15, 2025, relating to the Series 2025 Bonds (the "Series 2025 Resolution").

The Loan Agreement is a general obligation of the Library and requires the Library to pay, in addition to the fees and expenses of DASNY and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), amounts sufficient to pay the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2025 Bonds, as such payments become due. The obligations of the Library under the Loan Agreement are secured by a pledge of all revenues of the Library, including real property tax assessments on all non-exempt real property located in the School District (as defined herein), levied for Library purposes.

The Series 2025 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. DASNY has no taxing power.

Description: The Series 2025 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due October 1, 2025 and each April 1 and October 1 thereafter) on the Series 2025 Bonds will be payable by check or draft mailed to the registered owners thereof. Principal and Redemption Price of the Series 2025 Bonds will be payable at the designated corporate trust office of the Trustee and Paying Agent.

The Series 2025 Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2025 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, payments of the principal and Redemption Price of and interest on such Series 2025 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 –THE SERIES 2025 BONDS – Book-Entry Only System."

Redemption: *The Series 2025 Bonds are subject to redemption and purchase in lieu of optional redemption prior to maturity as more fully described in this Official Statement.*

Tax Exemption: *In the opinion of Hodgson Russ LLP and Pearlman & Miranda, LLC, Co-Bond Counsel to the Issuer ("Co-Bond Counsel"), based on existing statutes, regulations, rulings and court decisions and assuming compliance with certain covenants and the accuracy of certain representations, interest on the Series 2025 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 Library or another person, by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2025 Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, (b) interest on the Series 2025 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 (c) interest on the Series 2025 Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Co-Bond Counsel are further of the opinion that interest on the Series 2025 Bonds is exempt under existing law from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). For a more complete discussion, including certain other tax considerations, see "TAX MATTERS" herein.*

The Series 2025 Bonds are offered when, as and if issued and received by the Underwriter. The offer of the Series 2025 Bonds may be subject to prior sale or withdrawn or modified at any time without notice. The offer is subject to the approval of legality of the Series 2025 Bonds by Hodgson Russ LLP, Albany, New York, and Pearlman & Miranda, LLC, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Library by its special counsel, Hawkins Delafield & Wood LLP, New York, New York and Volz & Vigliotta, PLLC, Nesconset, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, New York, New York. DASNY expects to deliver the Series 2025 Bonds in definitive form in New York, New York, on or about March 4, 2025.

<p>Raymond James</p>

February __, 2025

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$9,490,000*
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
SHELTER ISLAND PUBLIC LIBRARY SOCIETY REVENUE BONDS,
SERIES 2025

\$ _____ Serial Bonds

<u>Due</u> <u>October 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u> <u>Number†</u>
2026	\$140,000			
2027	150,000			
2028	155,000			
2029	165,000			
2030	175,000			
2031	185,000			
2032	195,000			
2033	205,000			
2034	215,000			
2035	225,000			
2036	240,000			
2037	255,000			
2038	265,000			
2039	280,000			
2040	295,000			

\$1,745,000* ___% Term Bonds due October 1, 2045* Price or Yield ___% CUSIP Number† _____

\$2,280,000* ___% Term Bonds due October 1, 2050* Price or Yield ___% CUSIP Number† _____

\$2,320,000* ___% Term Bonds due October 1, 2054* Price or Yield ___% CUSIP Number† _____

* Preliminary, subject to change.

† Copyright, American Bankers Association (ABA). CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2025 Bonds. Neither DASNY nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2025 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2025 Bonds.

No dealer, broker, salesperson or other person has been authorized by DASNY, the Library or the Underwriter to give any information or to make any representations with respect to the Series 2025 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY, the Library or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The Library has reviewed the parts of this Official Statement describing the Library, the Project (as defined herein), the Tax Referendum (as defined herein), the Estimated Sources and Uses of Funds and Appendix B. The Library will certify as of the dates of sale and delivery by DASNY of the Series 2025 Bonds that such parts of this Official Statement do not contain any untrue statements of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Library makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2025 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2025 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2025 Resolution and the Loan Agreement are on file with DASNY and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2025 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2025 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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DORMITORY AUTHORITY - STATE OF NEW YORK
ROBERT J. RODRIGUEZ – PRESIDENT

515 BROADWAY, ALBANY, N.Y. 12207
LISA A. GOMEZ – CHAIR

OFFICIAL STATEMENT RELATING TO:

\$9,490,000*
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
SHELTER ISLAND PUBLIC LIBRARY SOCIETY REVENUE BONDS,
SERIES 2025

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Dormitory Authority of the State of New York (“DASNY”) and the Shelter Island Public Library Society (the “Library”) in connection with the offering by DASNY of \$9,490,000* principal amount of its Shelter Island Public Library Society Revenue Bonds, Series 2025 (the “Series 2025 Bonds”).

The following is a brief description of certain information concerning the Series 2025 Bonds, DASNY and the Library. A more complete description of such information and additional information that may affect decisions to invest in the Series 2025 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2025 Bonds are being issued to finance all or a portion of the cost of a project (the “Project”) consisting of (i) the construction of additions, alterations and improvements to the existing main library building located at 37 North Ferry Road in the Town of Shelter Island, New York and the site thereof, including but not limited to the original furnishings, equipment, machinery, apparatus and ancillary or related sitework required in connection therewith, more specifically to include the expansion of the existing building by approximately 5,000 square feet to a total of approximately 11,000 square feet; repairs to or replacement of the roof, windows, HVAC, lights, bathrooms, parking lots, sidewalks, exterior lighting and elevator; and redesign and renovation of facilities to enhance safety, energy efficiency and programming; and (ii) paying costs of issuance and capitalized interest, if any. See “PART 5 – PLAN OF FINANCE” and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Series 2025 Bonds will be issued pursuant to DASNY’s Shelter Island Public Library Society Revenue Bond Resolution, adopted January 15, 2025 (the “Resolution”), DASNY’s Series Resolution Authorizing Up To \$9,500,000 Shelter Island Public Library Society Revenue Bonds, Series 2025, adopted January 15, 2025 (the “Series 2025 Resolution”), and the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the “Act”). The Resolution authorizes the issuance of multiple Series of Bonds.

* Preliminary, subject to change.

DASNY

DASNY is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. See “PART 8 – DASNY.”

The Library

The Library is a not-for-profit education corporation chartered by the Board of Regents of the State. The Library is organized to operate as a free association library and is located on Long Island in the Town of Shelter Island, New York (the “Town”). The Library is maintained for the benefit and free use of the residents of the Shelter Island Union Free School District (the “School District”), the Town, Suffolk County (the “County”), New York. The Library has no independent taxing power and the Series 2025 Bonds will not be a debt of the Town or the School District nor will the Town or the School District be liable thereon. See “PART 4 – THE LIBRARY” and “Appendix B – Financial Statements of Shelter Island Public Library Society and Independent Auditors’ Report.”

The Series 2025 Bonds

The Series 2025 Bonds will be dated their date of delivery and will bear interest from such date (payable October 1, 2025 and on each April 1 and October 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2025 BONDS – Description of the Series 2025 Bonds.”

Payment of the Series 2025 Bonds

The Series 2025 Bonds will be special obligations of DASNY payable solely from the Revenues, which consist of certain payments to be made by the Library under the Loan Agreement. The Loan Agreement is a general obligation of the Library. Pursuant to the Resolution and the Series 2025 Resolution, the Revenues and DASNY’s right to receive the Revenues have been pledged and assigned to U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Payment of the Series 2025 Bonds.”

Security for the Series 2025 Bonds

The Series 2025 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues granted by the Library to DASNY under the Loan Agreement. DASNY’s security interest in the Pledged Revenues will be a first lien thereon. The Pledged Revenues consist primarily of moneys derived from real property tax levies made on behalf of the Library and collected by the Town. The Real Property Tax Law governs methods and procedures to levy, collect and enforce this tax.

The Series 2025 Bonds will also be secured by all funds and accounts authorized by the Resolution and established by the Series 2025 Resolution (with the exception of the Arbitrage Rebate Fund). In the event of nonpayment by the Library under the Loan Agreement, DASNY is authorized by law to direct State and local officers including, without limitation, officers of the Town to pay over to DASNY any and all funds owed to the Library by the State or any political subdivision thereof in an amount sufficient to make all payments required to be made under the Loan Agreement. Such funds represent a portion of the Pledged Revenues. The Library may incur debt secured by a parity lien on certain of the Pledged Revenues (excluding the portion of the Pledged Revenues derived from the tax levy authorized by the Tax Referendum (as herein defined)) with prior written notice to DASNY. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Security for the Series 2025 Bonds.”

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

The Series 2025 Bonds will not be a debt of the County, the Town, or the School District, nor will the County, the Town, or the School District be liable thereon or under the Loan Agreement.

The Series 2025 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2025 Bonds and certain related covenants. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2025 Resolution, the Tax Collection Agreement (defined below), and the Loan Agreement. Copies of the Resolution, the Series 2025 Resolution, the Tax Collection Agreement, and the Loan Agreement are on file with DASNY and the Trustee. See also “Appendix C – Summary of Certain Provisions of the Loan Agreement” and “Appendix D – Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto. All references to the Debt Service Fund refer to such fund established pursuant to the Resolution and the Series 2025 Resolution.

Payment of the Series 2025 Bonds

The Series 2025 Bonds will be special obligations of DASNY. The principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2025 Bonds are payable solely from the Revenues and all funds and accounts (excluding the Arbitrage Rebate Fund) established by or pursuant to the Series 2025 Resolution. The Revenues include the required payments to be made by the Library under the Loan Agreement to satisfy the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2025 Bonds. The Revenues and the right to receive them have been pledged and assigned to the Trustee for the benefit of the Series 2025 Bondholders.

The Loan Agreement is a general obligation of the Library and obligates the Library to make payments on account of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on Outstanding Series 2025 Bonds. Such payments are to be made five (5) Business Days immediately preceding each date on which the payment of interest is due on the Series 2025 Bonds, in an amount equal to a proportionate share of the interest on the Outstanding Series 2025 Bonds coming due on the next succeeding interest payment date and a proportionate amount of the principal and Sinking Fund Installments, if any, payable on the Outstanding Series 2025 Bonds on the next succeeding principal payment date. The Loan Agreement also obligates the Library to pay on or before a redemption date of Series 2025 Bonds called for redemption, the amount, if any, required to pay the Redemption Price or purchase price of such Series 2025 Bonds. See “PART 3 – THE SERIES 2025 BONDS – Redemption and Purchase in Lieu of Optional Redemption Provisions.”

DASNY has directed, and the Library has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2025 Bonds.

Authorization of Project, Payment and Tax Levy

On June 17, 2023, a referendum (the “Tax Referendum”) was held by the electorate of the School District wherein, by a majority vote, the Library was authorized to undertake the Project including the financing thereof. The Tax Referendum further authorized the School District to authorize and direct the appropriate taxing authority to levy a tax payable in annual installments in an amount not to exceed \$727,000 per year over a maximum period of 30 years for the payment of all principal, interest, redemption premiums, if any, and expenses relating to the financing of the Project (the “Project Tax”). The Tax Referendum also authorized the Library, pursuant to the Loan Agreement, to assign and pledge to DASNY funds in an amount sufficient to make all payments required to satisfy the Library’s obligations in connection with the financing of the Project, and authorized such funds to be raised by a real property tax assessment on real property located within the School District to be levied annually and collected by the Town for Library purposes.

The Project Tax was initially intended to be collected beginning in December 2024. Due to an administrative error, the Project Tax was mistakenly not included in the levy for library purposes and did not appear on the tax bills sent out by the Town for such taxes. The Project Tax will instead be levied and collected beginning with the taxes payable in December 2025. The Library and the Town have corrected the circumstances that gave rise to the error and the Library expects that the Project Tax will be included in the levies and tax bills for taxes payable beginning in December 2025 and thereafter. Debt service on the Series 2025 Bonds payable in 2025 will be funded with equity of the Library. See “ – The Tax Collection Agreement” below and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

See “PART 4 – THE LIBRARY – GENERAL INFORMATION”.

Security for the Series 2025 Bonds

The Series 2025 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues, the proceeds from the sale of the Series 2025 Bonds (until disbursed as provided in the Resolution), all funds and accounts authorized under the Resolution and established under the Series 2025 Resolution (with the exception of the Arbitrage Rebate Fund) and DASNY's security interest in the Pledged Revenues. There will not be a Debt Service Reserve Fund established in connection with the issuance of the Series 2025 Bonds and the Series 2025 Bonds will not be secured by a mortgage or any interest in real property of the Library.

Pledged Revenues

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

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

The Tax Collection Agreement

In connection with the issuance of the Series 2025 Bonds, the Library, DASNY, the School District, the Town and the Trustee will execute the Tax Pledge and Collection Agreement (the "Tax Collection Agreement"). Pursuant to the Tax Collection Agreement, (i) the Town is directed to collect, or cause to be collected, the real property taxes levied by the School District against real property within the School District and to remit such real property taxes to the School District and (ii) thereafter, the School District is directed to pay such real property taxes directly to the Trustee (the "Receipts").

In the Tax Collection Agreement, the School District and the Library agree that in accordance with current practices, the School District will pay such real property taxes in semi-annual installments. Subsequent to the payment of the semi-annual installment of such real property taxes in June 2025, the School District will pay the first semi-annual installment of such real property taxes in January (the "Initial Tax Receipts") of each year and the second semi-annual installment of such real property taxes in June (the "Subsequent Tax Receipts") of each year. The Receipts will be deposited into a separate account held by the Trustee under the Tax Collection Agreement (the "Tax Receipts Account"). All Receipts received by the Trustee in calendar year 2025 will be transferred to the Library. Commencing in calendar year 2026, promptly upon receipt by the Trustee of the Initial Tax Receipts and deposit thereof by the Trustee in the Tax Receipts Account during any calendar year and in no event later than three (3) business days following receipt of the Initial Tax Receipts, the Trustee shall transfer an amount equal to one-half (50%) of the principal and sinking fund installments of and interest on the Series 2025 Bonds (the "Debt Service Obligation") for such year to the Debt Service Fund and shall transfer any and all remaining portions of the Initial Tax Receipts to the Library. Promptly upon receipt by the Trustee of the Subsequent Tax Receipts and deposit thereof by the Trustee in the Tax Receipts Account during any calendar year, and in no event later than three (3) business days following receipt of the Subsequent Tax Receipts, the Trustee shall transfer an amount equal to the remaining balance of the Debt Service Obligation for such year to the Debt Service Fund until such time that, along with the transfer from the Initial Tax Receipts transfer to the Debt Service Fund, 100% of the Debt Service Obligation for such year has been met, and shall transfer any and all remaining portions of the Subsequent Tax Receipts to the Library.

Events of Default and Acceleration

The following are events of default with respect to the Series 2025 Bonds under the Resolution: (i) the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on the Series 2025 Bonds shall not be made when due and payable; (ii) a Determination of Taxability shall have occurred and be continuing (iii) a default by DASNY in the due and punctual performance of any other covenant, condition, agreement or provision

contained in the Series 2025 Bonds or in the Resolution or in the Series 2025 Resolution which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given at the Trustee's discretion or at the written request of Holders of not less than 25% in principal amount of outstanding Series 2025 Bonds); or (iv) an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the Library under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless all sums payable by the Library under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that if an event of default (other than as described in clause (ii) of the preceding paragraph) occurs and continues, the Trustee must, upon the written request of the Holders of not less than 25% in principal amount of the outstanding Series 2025 Bonds, declare the principal of and interest on all the Outstanding Series 2025 Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest shall become immediately due and payable.

The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of the Series 2025 Bonds then outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Holders of not less than a majority in principal amount of the outstanding Series 2025 Bonds have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee.

The Resolution provides that the Trustee shall give notice in accordance with the Resolution of each event of default known to the Trustee to the Holders of the Series 2025 Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of, or interest on, any of the Series 2025 Bonds, the Trustee shall be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2025 Bonds.

General

The Series 2025 Bonds will not be a debt of the State, the County, the Town or the School District nor will the State, the County, the Town or the School District be liable thereon or under the Loan Agreement. DASNY has no taxing power. See "PART 8 – DASNY."

PART 3 – THE SERIES 2025 BONDS

Description of the Series 2025 Bonds

The Series 2025 Bonds will be issued pursuant to the Resolution and the Series 2025 Resolution, will be dated the date of delivery of the Series 2025 Bonds and will bear interest from such date (payable October 1, 2025 and on each April 1 and October 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement.

The Series 2025 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2025 Bonds may be exchanged for Series 2025 Bonds of the same maturity of any other authorized denomination. The Trustee may impose a charge sufficient to reimburse DASNY or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2025 Bond.

The principal or Redemption Price of the Series 2025 Bonds will be payable at the principal corporate trust office of the Trustee. The Redemption Price of a Series 2025 Bond will be paid to any Bondholder of \$1,000,000 or more in aggregate principal amount of Series 2025 Bonds by wire transfer to the wire transfer address, within the continental United States specified by such Bondholder in the written request of such Bondholder made to the Trustee at the time the Series 2025 Bonds to be redeemed are presented and surrendered to the Trustee.

Interest on the Series 2025 Bonds will be payable by check or draft mailed to the registered owners thereof at their addresses as shown on the registration books held by the Trustee. Interest is payable to the registered owners who are such registered owners at the close of business on the fifteenth day of the calendar month next preceding an interest payment date. In the event the Series 2025 Bonds shall no longer be issued in book-entry only form, interest will be paid to any Bondholder of \$1,000,000 or more aggregate principal amount of Series 2025 Bonds by wire

transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee, upon the written request of such Holder filed with the Trustee not less than five (5) Business Days before an interest payment date.

Such Bondholders may receive the Redemption Price to be paid on their Series 2025 Bonds by wire transfer at the address in the continental United States specified by such Bondholders in a written request given to the Trustee at the time presentation and surrender of the Series 2025 Bonds to be redeemed is made.

For a more complete description of the Series 2025 Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Optional Redemption Provisions

Optional Redemption

The Series 2025 Bonds maturing on or before October 1, ____ are not subject to optional redemption prior to maturity. The Series 2025 Bonds maturing after October 1, ____ are subject to redemption prior to maturity, on or after October 1, ____, in any order at the option of DASNY, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

DASNY’s obligation to redeem Series 2025 Bonds other than through mandatory Sinking Fund Installments may be conditioned upon the deposit of sufficient money with the Trustee to pay the Redemption Price of the Series 2025 Bonds to be redeemed on the redemption date.

Special Redemption

The Series 2025 Bonds are also subject to redemption as a whole or in part at any time at a Redemption Price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project and (ii) from unexpended proceeds of the Series 2025 Bonds upon the abandonment of all or a portion of the Project due to a legal or regulatory impediment.

Mandatory Redemption

The Series 2025 Bonds maturing on October 1, ____ are also subject to mandatory sinking fund redemption, in part, on October 1 of each of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amount of Series 2025 Bonds specified for each of the years shown below:

<u>Series 2025 Term Bond Maturing on</u>	
<u>October 1, ____</u>	
<u>Year</u>	<u>Sinking Fund</u>
	<u>Installments</u>

†Final maturity.

The Series 2025 Bonds maturing on October 1, ____ are also subject to mandatory sinking fund redemption, in part, on October 1 of each of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amount of Series 2025 Bonds specified for each of the years shown below:

**Series 2025 Term Bond Maturing on
October 1, _____**

<u>Year</u>	<u>Sinking Fund Installments</u>
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†Final maturity.

DASNY may from time to time direct the Trustee to purchase Series 2025 Bonds with moneys set aside for redemption in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2025 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2025 Bonds of the same maturity. The Library also may purchase Series 2025 Bonds at or below par and apply any Series 2025 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2025 Bonds of the same maturity. Series 2025 Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2025 Bonds so purchased payable on the next succeeding October 1. Series 2025 Bonds redeemed at the option of DASNY, purchased by DASNY or the Library (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2025 Bonds of the maturity entitled to such Sinking Fund Installment will be reduced for such year.

Purchase in Lieu of Optional Redemption

The Series 2025 Bonds maturing on or before October 1, _____ are not subject to purchase in lieu of optional redemption prior to maturity. The Series 2025 Bonds maturing after October 1, _____ are subject to purchase in lieu of optional redemption prior to maturity on or after October 1, _____, at the option of the Library with the prior written consent of DASNY, as a whole or in part at any time, at a purchase price of 100% of the principal amount to be purchased (the "Purchase Price") plus accrued interest to the date set for purchase (the "Purchase Date").

Selection of Bonds to be Redeemed or Purchased

In the case of redemptions or purchases in lieu of optional redemption of the Series 2025 Bonds described above under the subheadings "*Optional Redemption*" or "*Purchase in Lieu of Optional Redemption*," DASNY will select the maturities of the Series 2025 Bonds to be redeemed or purchased.

In the case of redemption of Series 2025 Bonds described above under the subheading "*Special Redemption*," Series 2025 Bonds will be redeemed to the extent practicable pro rata among the Outstanding Series 2025 Bonds of each maturity, but only in integral multiples of \$5,000 within each maturity. If less than all of the Series 2025 Bonds of a maturity are to be redeemed (pursuant to an optional, special or mandatory redemption), the Series 2025 Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2025 Bonds in the name of DASNY given by mail, postage prepaid, not less than 20 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2025 Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2025 Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2025 Bond. Any such notice may contain conditions to DASNY's obligation to redeem the Series 2025 Bonds. See "Appendix D – Summary of Certain Provisions of the Resolution."

DASNY's obligation to optionally redeem a Series 2025 Bond may be conditioned upon the deposit of sufficient money with the Trustee to pay the Redemption Price for all of the Series 2025 Bonds to be redeemed on the redemption date. If sufficient money is available on the redemption date to pay the Redemption Price and if notice has been mailed and the conditions, if any, to such condition have been satisfied or waived by DASNY, then interest on the Series 2025 Bonds of such maturity will cease to accrue from and after redemption date and such Series 2025 Bonds will no longer be considered to be Outstanding under the Resolution.

Notice of Purchase in Lieu of Optional Redemption and Its Effect

Notice of purchase of the Series 2025 Bonds in lieu of optional redemption will be given in the name of the Library to the registered owners of the Series 2025 Bonds to be purchased by first-class mail, postage prepaid, not less than 20 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2025 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2025 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. In the event the Series 2025 Bonds are called for purchase in lieu of optional redemption, such purchase shall not operate to extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2025 Bonds and such Series 2025 Bonds need not be cancelled, but shall remain Outstanding under the Resolution and in such case shall continue to bear interest.

The Library's obligation to purchase a Series 2025 Bond to be purchased or cause it to be purchased may be conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2025 Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2025 Bonds to be purchased, the former registered owners of such Series 2025 Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2025 Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2025 Bonds in accordance with their respective terms.

In the event that not all of the outstanding Series 2025 Bonds of a maturity are to be purchased, the Series 2025 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2025 Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption, purchase in lieu of optional redemption and other provisions relating to the Series 2025 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond certificate will be issued for each maturity of the Series 2025 Bonds, totaling in the aggregate the principal amount of the Series 2025 Bonds, and will be deposited with DTC.

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

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 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 2025 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 2025 Bonds, except in the event that use of the book-entry system for such Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 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 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY 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 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025 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 DASNY or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to DASNY or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2025 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2025 Bond certificates will be printed and delivered to DTC.

For every transfer and exchange of Series 2025 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

DASNY, THE LIBRARY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS (1) PAYMENTS OF PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2025 BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2025 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

So long as Cede & Co. is the registered owner of the Series 2025 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2025 Bonds (other than under "PART 11 – TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2025 Bonds.

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Principal, Sinking Fund Installment and Interest Requirements for the Series 2025 Bonds

The following table sets forth the amounts required to be paid by the Library during each twelve-month period ending December 31 of the years shown for the payment of interest on the Series 2025 Bonds payable on April 1 and October 1 of such period and Principal and Sinking Fund Installments, if any, of and interest on the Series 2025 Bonds payable on October 1 of such period, and the aggregate payments to be made by the Library during each such period with respect to the Series 2025 Bonds.

12 Month Period	Principal and Sinking	Interest Payments	Total Debt Service
Ending	Fund Installments		Obligation
December 31			

PART 4 – THE LIBRARY
GENERAL INFORMATION

Introduction

The Library is a not-for-profit education corporation operating as a free association library chartered by the Board of Regents of the State of New York and located on Long Island in the Town. As the only library on Shelter Island, its boundaries are coterminous with the Town and the School District. The Library was originally incorporated under a general law in New York State on March 4, 1886. On December 17, 1896, the Library was admitted as an institution of the University of the State of New York with its existing charter and acted like and was considered an education corporation under the Board of Regents. The entity incorporated on March 4, 1886 was dissolved by proclamation in 1952 by the Department of State. The Library received its Absolute Charter in the First Instance from the Board of Regents of the University of the State of New York on October 19, 2010, which is granted to an entity that has been in existence and operating properly. The Library presently serves a local population of approximately 3,250 full-time residents, which more than triples during the summer months.

The Library’s collection includes nearly 27,000 volumes including reference, adult non-fiction, popular fiction, periodicals, children’s materials and large print items as well as access to over 12,000 audio visual materials such as books on CD, CDs, DVDs and video games. In addition, the Library has over 150,000 electronic materials and products available for use through its website including Hoopla, Libby and Ancestry databases.

The Library offers many public programs including children’s story hours and crafts, young adult programs and volunteer opportunities, as well as programs of community interest such as lectures, movies, exercise and wellness programs, computer instruction and programs of specific interest to its senior population. The Library offers reading clubs for patrons from school age through adulthood. The Library also has the ability to provide outreach and delivery to the local senior center as well as to the temporarily or permanently home bound.

The Library also provides internet access, computers, photocopy machines, scanning, faxing and notary services to its community. The library is the only place on Shelter Island to apply for a passport or obtain passport photos. The meeting room is available for community use by not-for-profit local organizations. A small meeting room is used by various community groups.

The Library provides library services to the residents of the Town and School District. Increases in the levy for Library purposes must be approved by voters. Further, certain referenda for Library borrowing must be approved by the taxpayers. The Library has no independent power of taxation.

In consideration for the services it provides, funding for the Library is primarily derived from real property taxes levied exclusively for library purposes on all non-exempt real property located within the School District. Although revenues of the Library are derived from real property taxes levied and collected by the Town on the residents of the School District and certain referenda for Library funding must be approved by the electorate of the School District, the Library and the School District are independent entities, are governed by independent governing boards, and have independent powers under State law.

The Library is one of 56 member libraries in the Suffolk Cooperative Library System. The Suffolk Cooperative Library System provides centralized administrative planning and support services county-wide, including an advanced circulation system as well as telecommunication network connections.

The Library has no taxing power and the Series 2025 Bonds will not be a debt of the Town or School District nor will the Town or School District be liable thereon.

Governance and Administration

The Library is governed by an elected Board of Trustees (the “Board”) consisting of thirteen members, all of whom are elected by the members of the Library. The Library Society is the governing body of the Library, membership in which is free and open to any resident of the Town who is a registered voter in Suffolk County and holds a valid library card. Board members are elected for staggered three-year terms not to exceed three consecutive terms. The Board meets six times a year or more frequently as required. The present members of the Board are:

<u>Name</u>	<u>Principal Occupation</u>	<u>Term Expiration</u>
Henry Fayne President	Former Finance and Operations Officer	01/2027
Jo-Ann Robotti Vice President	Former Marketing Consultant	01/2027
Donald Regan Treasurer	Former Finance Professional	01/2026
Linda Kraus Secretary	Retired - Registered Nurse	01/2027
Susan Binder Trustee	Wellness Instructor	01/2027
Marianne Carey Trustee	Real Estate Agent	01/2026

Archer Brown Trustee	Retired - Educator	01/2026
Donald Dunning Trustee	General Contractor and Real Estate Agent	01/2027
Karyn Ginsberg Greenwald Trustee	Artist	01/2027
James Heus Trustee	Retired – Educator and Head of School	08/2027
Finley Oakley Shaw Trustee	Local Business Owner	01/2028
Caroline Scudder Trustee	High School Teacher	01/2028
Tim Sheehan Trustee	Project Manager	01/2027

Terry Lucas is the Director of the Library. She was raised in Sacramento, California and received her bachelor’s degree in History and Sociology from the University of California, Santa Barbara. After a short hiatus, she moved to Boston where she graduated Cum Laude from the Boston University School of Law. Terry practiced law in Manhattan and Riverhead for 10 years and then left the law to open a bookstore. She owned and managed The Open Book in Westhampton Beach for 13 years. Terry received a master’s degree in library and information science from St. John’s University in 2008. She worked as a reference librarian in Southampton at Rogers Memorial Library for a number of years before being hired as the director of the Shelter Island Public Library in 2015. Terry has also taught at Queens College Graduate School of Library and Information Science and has reviewed new fiction for Library Journal. She is the past President of the Suffolk County Public Library Directors Association and has given presentations on a variety of topics at local, New York State and National library conferences. She is also a member of the Shelter Island Lions Club.

Laura Dickerson is the Assistant Director of the Library. She grew up in Garden City, NY, and spent summers, school holidays, and weekends at her family home on Shelter Island. Laura graduated from the American University in Washington, DC. and went on to run her own business on Shelter Island for many years. Laura taught all forms of dance and had students go on to perform with New York City Ballet, Portland Ballet, Nashville Ballet, and other regional ballet companies. Laura began working at the Shelter Island Library in 2005, becoming Assistant Director in 2007. She has been awarded the ELSA (Excellence In Library Service) Award as well as the Dewey Fellow Award. Laura is the PALS Coordinator – the liaison between Shelter Island Library and the Suffolk Cooperative Library System, Head of Circulation and manages the part-time staff at the library. She is a member of the Head of Circulation Group, Library Coordinators Group, and the Assistant Director Group, regularly attending meetings. She has attended the Association for Rural & Small Libraries Conference, American Library Association Conference, and the Public Library Association Conference. Laura is a Shelter Island Lions Club member, volunteers as a choreographer for the high school drama club and is an Elder of the Shelter Island Presbyterian Church.

Henry Fayne is the President of the Board of Trustees. He and his wife Niki bought their Shelter Island home in August of 2019. They continue to maintain their residence in Manhattan. During his thirty-year career with American Electric Power (AEP), one of the largest electric utilities in the United States, Henry held senior positions on both the operating and financial sides of the business. Most recently, he served as Executive Vice President of Energy Services and was responsible for transmission, distribution, and customer service operations for the AEP system. He also served as Chief Financial Officer and Executive Vice President - Financial Services and was responsible for financial planning and budgeting, risk management, internal audits, accounting, and treasury functions. Since retiring from AEP in 2004, Henry has been providing advisory and consulting services to various energy-intensive industrial companies and has served on several corporate and non-profit boards. He is currently a director of JPMorgan Infrastructure Investments Fund. Henry holds a Bachelor of Arts degree in economics from Columbia College of Columbia University and a Master of Business Administration degree in Finance from the Columbia School of Business.

The Library

The Library is situated in the Town of Shelter Island, an 8,000 acre island located in Suffolk County off the eastern tip of Long Island, approximately 90 miles east of New York City. The Town was established in 1730 and is primarily a year-round and second home residential community. The Village of Dering Harbor is the only incorporated village in the Town. There are approximately 3,250 permanent residents (according to the 2020 Census), and the population swells to over 8,000 in the summer. In 2023, the median listing home price was over \$3 million.

Shelter Island is accessible by car ferry only from the Village of North Haven on the South Fork, or the Village of Greenport on the North Fork. The ride on the ferries takes approximately 10 to 15 minutes and accommodates walk-on traffic as well. State Route 114 is the major roadway through the Town. Long Island MacArthur Airport is located in the Town of Islip approximately 50 miles away. The Long Island Railroad makes its final stop at the Greenport North Ferry Station. The Hampton Jitney also provides transportation from mid-town Manhattan to the Greenport North Ferry Station.

The Library's proximity to the water provides residents with many recreational opportunities and is reflected in the nature of the goods and services provided by many of the retail establishments. Nearly one-third of the area of the Town is made up of Mashomack Preserve which is owned by The Nature Conservancy and kept in a forever-wild state. Edged by 10 miles of coastline, Mashomack has a visitor center with exhibits and programs, more than 20 miles of hiking trails for viewing wildlife. Restaurants, golf courses, beaches and second homes provide employment for Town residents. Construction, real estate, boat building and maintenance, the school district and the Town government are major occupations on the island.

Electric service is provided by the PSEG Long Island. Fire protection is the responsibility of the Shelter Island volunteer Fire District. Volunteer ambulance service is the responsibility of the Town of Shelter Island Ambulance Foundation. The Town provides its own police protection.

Real Property Taxes

The Town and School District derive the power to levy an ad valorem real property tax from the State Constitution and the Suffolk County Tax Act. The methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the Town are prepared by the Town assessor. Assessment valuations are determined by the Town assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes equalization rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations.

Property Tax Cap Law

Section 259 of the Education Law governs the methodology by which a library can cause the levy of a tax, or an increase thereof, on its behalf by a municipality or school district. However, on June 24, 2011, the Property Tax Cap Law, as written in Chapter 97 of the State Laws of 2011, was signed into law. The Property Tax Cap Law establishes a limit on the annual growth of property taxes levied by local governments. It does not specifically mention libraries; however, guidance issued by the office of the State Comptroller and jointly by the State Department of Taxation and Finance and the State Department of State indicates that it is intended to cover libraries. It applies for any fiscal year commencing after January 1, 2012. The power of local governments to levy real property taxes on all taxable real property within their boundaries without limitation as to rate or amount is subject to statutory limitations pursuant to formulae set forth in the Property Tax Cap Law. The Property Tax Cap Law restricts the increase in the amount of the succeeding year's tax levy to no more than the lesser of 2% of the prior year's tax levy or an inflation rate as computed under the Property Tax Cap Law, with limited exceptions.

The Property Tax Cap Law does not explicitly address how libraries affiliated with a municipality or school district which levies property taxes for library purposes (such as the Library) will be treated, i.e., as a part of a school district or local government or as its own local government. However, the guidance noted above indicates that a library is subject to the tax levy limit if it has a separate independent elected board and has the authority to levy a tax or can require a municipality or school district to levy a tax on its behalf. Further, to the extent that the budget of a library is comprised of revenues generated by its own taxing authority or a tax levy of another government that the local government or school district is required to impose on behalf of the library, those tax revenues are believed to fall within the tax levy limit of the library.

This interpretation means that libraries, including free association libraries, like the Library, have their own, separate tax cap, and that the mechanism to exceed the tax cap is the same as for local governments. To exceed the tax cap, the Property Tax Cap Law requires a library board to pass a vote by a 60% margin of trustees, then bring the proposal to a public vote. If the public approves the proposal by a simple majority (more than 50%), only then may the tax cap be exceeded.

The Library's budgets for the fiscal years beginning January 1, 2024 and January 1, 2025 exceeded the 2% tax cap limit. The qualified voters in the Library District approved each of said budgets by an approval rate of 85%. The Library's budgets consistently exceed the tax cap and are approved by rates in excess of 80%.

Tax Collection Procedure

Property taxes for the Town, together with County, Fire, Library, and School District taxes, are collected by the Town Tax Receiver. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes after May 31 are 10.25% and increase monthly.

The Town Tax Receiver distributes the collected tax money to the Town, fire and School District (including the amount to be remitted to the Library) prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's liability. The Town and the School District thereby are assured of full tax collection.

The School District remits payments to the Library. Historically, the Library has received its payments in full from the School District in two equal installments in January and June. Any deficiency in tax collection is ultimately the County's liability and is not passed on to the Library.

Library Budget

Annually, pursuant to the Education Law, the Library's Board prepares, or causes to be prepared, a budget for the ensuing fiscal year. During April and May, the tentative budget is developed and refined. The tentative budget is to be adopted by the Board at its June meeting. If an increase in the previously approved levy is requested, it is submitted to referendum at a budget vote of the electorate held in October. Prior to the budget vote, a public hearing is held by the Library with respect to the proposed referendum.

Residents of the Library who are qualified to vote may participate in the referendum on the proposed budget. If by majority, the proposition is approved by the electorate, the budget is adopted for the next fiscal year. In the event of a defeat by the electorate of the proposition in any year, the Library's appropriation reverts back to the previous year's approved budget and tax levy. In such an event, expenses beyond ordinary contingent expenses may later be added to the budget upon subsequent voter approval.

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Budget Summaries

	Fiscal Year Ended Dec 31:	
	<u>2024</u>	<u>2025</u>
Revenues:		
Property Taxes ⁽¹⁾	\$ 789,806	\$ 1,556,295
Donations, Contributions, & Fundraising	111,300	108,000
Grants	23,500	20,000
Annual Appeal	20,000	12,000
Other	11,555	18,755
Total Support	\$ 956,161	\$ 1,715,050
Expenses:		
Miscellaneous	\$ 71,011	\$ 75,412
Fundraising	3,550	7,650
Books and other Media	87,575	92,971
IT Equipment	9,000	10,000
Office Expenses	13,500	15,800
Programs	25,600	28,500
Salaries and Benefits	651,565	677,635
Utilities & Building Maintenance	62,595	59,582
Property & Liability Insurance	21,265	20,500
Capital	10,500	-
Debt Service ⁽¹⁾	-	727,000
Total Expenses	\$ 956,161	\$ 1,715,050

Source: Adopted Budgets of the Library.

⁽¹⁾ When the 2025 budget was adopted, the Library expected that the Project Tax would be collected beginning in December 2024, and debt service on the Series 2025 Bonds would be payable from the Project Tax beginning in fiscal year 2025. The Project Tax will instead be levied and collected beginning with the taxes payable in December 2025. Debt service on the Series 2025 Bonds payable in 2025 will be funded with equity of the Library. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Authorization of Project, Payment and Tax Levy" and "PART 6 – ESTIMATED SOURCES AND USES OF FUNDS."

Insurance

The Library maintains a comprehensive package of institutional insurance coverage. The policy coverage (both liability limits and policy scope) is periodically evaluated to ensure that appropriate coverages are maintained based upon the replacement value of the physical plant and an analysis of potential liabilities. At the present time, the Library has nearly \$5.5 million coverage on real and personal property; \$6 million in liability coverage; \$1 million in director and officers' liability coverage; and \$1 million automobile, \$25,000 per occurrence crime and \$63,000 electronic data processing coverage.

Employees

The Library currently employs 16 individuals, all under the supervision of the Library Director. There are 2 full-time librarians with American Library Association approved Masters Degrees in Library Science. The Assistant Director is a full time employee and 1 staff member is a full-time programming professional. In the Youth Services department, there are 1 part-time youth services assistant and 2 pages. Front desk staff account for the remaining 8 employees. The Library also employs a part-time IT/Network Administrator. The Library does not have collective bargaining contracts. The Library has a history of good labor relations with its employees.

Employee Retirement Plan

Library employees are not eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York and are not members of the New York State Local Employee's Retirement System.

In 2001, the Library established a retirement plan for its employees. The plan is known as a Simplified Employee Pension with Individual Retirement Accounts (SEP-IRA). For each eligible employee, the Library has also approved a contribution equal to 10% of the employees' annual salary. In order to be eligible, employees must be at least 21 years of age and have performed services for the employer in at least three of the immediately preceding five years.

The following chart represents the SEP-IRA contributions for each of the last five fiscal years.

Fiscal Year Ending	SEP-IRA
<u>Dec. 31</u>	<u>Contribution</u>
2019	\$28,984
2020	30,059
2021	30,196
2022	32,766
2023	38,314

Other Post-Employment Benefits

The Library provides health insurance to current full-time employees who wish to participate. Salaries and employee benefits make up approximately 65% of the annual budgeted expenses. The Library does not provide post-employment healthcare benefits to former employees and therefore is not required to record any liability for such benefits on the Library's financial statements.

ANNUAL FINANCIAL STATEMENT INFORMATION

The Library's financial statements for the fiscal year ended December 31, 2023 were audited by Baldessari & Coster LLP, Certified Public Accountants, and are included as Appendix B to this Official Statement. Financial information of the type that follows is expected to be provided by the Library annually via the filing of the Library's annual financial statements in compliance with Rule 15c2-12 (as defined herein). See "PART 16 – CONTINUING DISCLOSURE" and Appendix F hereto. The Library's financial statements for the fiscal year ended December 31, 2024 are expected to be available in April or May 2025.

Revenues and Expenditures

The Library receives most of its revenue from real property taxes. Real property taxes levied for Library purposes are levied and collected by the Town on all non-exempt real property situated within the School District and paid over to the School District. Upon receipt, the School District pays taxes levied for Library purposes to the Library. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – The Tax Collection Agreement."

The financial statements of the Library report upon three major accounts or funds as follows: (1) the "General Fund" into which the Library's revenues consisting primarily of tax levies, State aid and interest are deposited and from which the Library's operating expenses are paid; (2) the "Capital Fund" which accounts for the resources devoted to the construction and renovation of the Library; (3) the "Permanent (Endowment) Fund" which accounts for resources donated to the Library where either the principal donation and/or the income generated by such donation has been earmarked for a specific purpose.

The revenues and expenses of the Library are determined by yearly operating budgets proposed by the Board of Trustees of the Library and voted upon by the residents of the School District. The Library monitors its revenues and expenses in order to adhere to these operating budgets. The Library does not amortize any of its capital acquisitions against income. Accordingly, in some years it will expend funds for capital items which may result in a deficit. Deficits may also arise from unanticipated and emergency expenses. Finally, budgets are created on good faith estimates of revenues and expenses, which estimates may be incorrect. Historically, the Library's deficits have not been significant and all such deficits have been made up from funds accumulated in prior years where the revenues exceeded the expenses.

Set forth below is a summary of the statement of revenues and expenses attributable to the General Fund based on the audited financial statements of the Library for each of the fiscal years ending December 31, 2019 through December 31, 2023 and should be read in conjunction with the financial statements and related notes set forth in Appendix B to this Official Statement.

**Statement of Revenues, Expenditures and Fund Balances
General Fund**

	Fiscal Year Ended Dec 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Tax Revenues	\$ 660,737	\$ 687,166	\$ 687,166	\$ 719,806	\$ 755,796
Fines and Fees	5,381	1,954	2,987	3,969	4,438
Gifts and Donations	40,681	37,155	49,257	46,579	45,205
State Aid and Other Grants	17,719	26,879	10,408	6,734	7,137
Payments in Lieu of Taxes				4,146	
Dividend and Interest Income	339	5,170	221	257	14,009
Programs and Events	11,171	8,071	11,336	14,797	14,204
Sale of Books and Materials	2,518	414	85	973	1,097
Passport Services	3,142	2,088	5,022	6,181	4,958
Miscellaneous Revenue	1,278	492	435	355	1,627
Total Revenues	<u>742,966</u>	<u>769,389</u>	<u>766,917</u>	<u>803,797</u>	<u>848,471</u>
Expenditures:					
Salaries and Employee Benefits	541,833	533,544	559,754	580,586	619,100
Library Materials and Programs	93,412	84,964	103,652	102,488	124,181
Library Operations	65,315	61,379	69,271	78,599	78,734
Building Operations	66,794	59,602	79,621	80,004	81,314
Capital Outlay	9,997	8,522	16,433	16,524	
Depreciation					
Total Expenditures	<u>777,351</u>	<u>748,011</u>	<u>828,731</u>	<u>858,201</u>	<u>903,329</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,385)</u>	<u>21,378</u>	<u>(61,814)</u>	<u>(54,404)</u>	<u>(54,858)</u>
Other Financing Sources/(Uses):					
Transfers - Internal Activities	<u>38,735</u>	<u>95,000</u>	<u>86,000</u>	<u>61,000</u>	<u>101,000</u>
Excess (Deficiency) of Revenues & Other Financing Sources (Uses) over Expenditures	<u>4,350</u>	<u>116,378</u>	<u>24,186</u>	<u>6,596</u>	<u>46,142</u>
Fund Balance Beginning of Year	<u>416,490</u>	<u>420,840</u>	<u>537,218</u>	<u>561,404</u>	<u>568,000</u>
Fund Balance End of Year	<u>\$ 420,840</u>	<u>\$ 537,218</u>	<u>\$ 561,404</u>	<u>\$ 568,000</u>	<u>\$ 614,142</u>

Sources: Audited Annual Financial Reports of the Library (2019-2023).

Note: This Schedule is NOT Audited.

Fund Balances

The table below presents the accumulated liquid funds held in the General Fund (as described below) for each of the fiscal years ending December 31, 2019 through December 31, 2023. The table was prepared from the Library’s accounting records, which are maintained on the basis of accounting practices as prescribed by the Uniform System of Accounts for Library Systems mandated by the State of New York.

In accordance with these practices, the Library maintains a General Fund, Capital Projects Fund and a Permanent Fund. In addition, the Library maintains a General Fixed Asset Group of Accounts, and a Long Term Debt Group of Accounts which are used to record fixed assets and liabilities not recorded in the General or Capital Funds.

	Fiscal Year Ended Dec 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assets:					
Cash and Cash Equivalents					
Checking	\$ 8,123	\$ 6,958	\$ 2,133	\$ 6,009	\$ 15,924
Saving					
Money Market	210,149	323,423	354,812	352,621	393,508
Cash on Hand	<u>190</u>	<u>190</u>	<u>190</u>	<u>190</u>	<u>190</u>
Total Cash and Cash Equivalents	<u>218,462</u>	<u>330,571</u>	<u>357,135</u>	<u>358,820</u>	<u>409,622</u>
Prepaid Expenses	10,079	10,500	13,643	12,072	8,118
State Aid Receivable	142	1,600	138	143	144
Deposits		111			
Other Receivable	225				
Internal Receivables	36,176	36,176	36,176	36,176	36,176
Investments ^a	192,875	197,904	197,978	198,078	204,029
Capital Assets, Net of Depreciation					
Total Assets	<u>457,959</u>	<u>576,862</u>	<u>605,070</u>	<u>605,289</u>	<u>658,089</u>
Liabilities:					
Accounts Payable	\$ 19,166	\$ 19,177	\$ 19,502	\$ 20,238	\$ 24,338
Accrued Payroll & Related Items	9,810	12,917	15,171	17,051	19,609
Retirement Payable	<u>8,143</u>	<u>7,550</u>	<u>8,993</u>		
Total Liabilities	<u>37,119</u>	<u>39,644</u>	<u>43,666</u>	<u>37,289</u>	<u>43,947</u>
Fund Balance:					
Nonspendable	\$ 32,420	\$ 34,441	\$ 35,984	\$ 34,413	\$ 30,459
Restricted for Specific Purposes	15,917	16,855	16,870	16,889	18,068
Assigned for Capital Projects					
Unassigned	<u>372,503</u>	<u>485,922</u>	<u>508,550</u>	<u>516,698</u>	<u>565,615</u>
Total Fund Balance	<u>420,840</u>	<u>537,218</u>	<u>561,404</u>	<u>568,000</u>	<u>614,142</u>
Total Liabilities and Fund Balance	<u>\$ 457,959</u>	<u>\$ 576,862</u>	<u>\$ 605,070</u>	<u>\$ 605,289</u>	<u>\$ 658,089</u>

Source: Audited Annual Financial Reports of the Library (2019-2023).

Note: This Schedule is NOT audited.

OPERATING DATA

Funding for the operations of the Library is primarily derived from real property taxes levied by the Town and collected by the Town on behalf of the Library on all non-exempt real property located within the School District. The following information summarizes the tax base upon which the Library is dependent for funding.

Valuations, Tax Rates, and Levies

A summary of valuations for the current and past five years for the School District and the Library is provided below:

Summary of Valuations

Tax Year Ending December 31:	Assessed Value of Taxable Real Property	State Equalization Rate	Valuation
2020	\$3,739,008,512	100.00%	\$3,739,008,512
2021	3,762,153,668	100.00%	3,762,153,668
2022	3,788,097,235	100.00%	3,788,097,235
2023	3,804,701,693	89.00%	4,274,945,722
2024	3,848,703,163	73.00%	5,272,196,114
2025	3,888,546,274	68.00%	5,718,450,402

A summary of tax rates for the current and past five years for the Library is provided below:

Tax Rates per \$1,000 of Assessed Valuation

Year	Library Tax Rate
2020	0.1838%
2021	0.1826%
2022	0.1900%
2023	0.1975%
2024	0.2051%
2025	0.2132%

Source: Town of Shelter Island Tax Rate Schedules.

Property Tax Revenue

Fiscal Year Ended	General Fund Revenues	Real Property Taxes	Real Property Taxes as a Percentage of Total Revenues
December 31, 2019	\$742,966	\$660,737	88.93%
December 31, 2020	769,389	687,166	89.31%
December 31, 2021	766,917	687,166	89.60%
December 31, 2022	803,797	719,806	89.55%
December 31, 2023	848,471	755,796	89.07%
December 31, 2024 (Budgeted)	956,161	780,806	81.66%
December 31, 2025 (Budgeted) ⁽¹⁾	1,715,050	1,556,295	90.74%

Source: Audited Financial Statements and the adopted Budgets of the Library.

⁽¹⁾ When the 2025 budget was adopted, the Library expected that the Project Tax would be collected beginning in December 2024, and debt service on the Series 2025 Bonds would be payable from the Project Tax beginning in fiscal year 2025. The Project Tax will instead be levied and collected beginning with the taxes payable in December 2025. Debt service on the Series 2025 Bonds payable in 2025 will be funded with equity of the Library. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Authorization of Project, Payment and Tax Levy” and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

Selected Listing of Largest Taxable Properties

The following is a listing of the ten largest taxable properties on the 2024-2025 assessment roll:

Largest Taxable Properties

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
Birch, William M	Residential	\$12,881,400
Gardiner’s Bay Cty Club, Inc.	Commercial	11,439,000
American Direct, LLC	Residential	11,063,800
Cape Pridwin Owner, LLC	Commercial	10,826,500
25 Little Ram Dr Holdings LLC	Residential	10,474,000
10 Lari Lane, LLC	Residential	10,195,000
S I HTS Property Owners	Commercial	9,598,700
Nancy Brown LLC	Residential	9,580,000
Cape Horn LLC	Residential	9,875,000
Prasad, Anil	Residential	9,123,000
	Total	<u>\$105,056,400</u>

Source: Town of Shelter Island Assessment Rolls.

The total assessed value of the largest taxable properties listed above represents 2.73% of the 2024-25 Assessed Valuation for the Library District.

Economic and Demographic Information

The following table sets forth population statistics for the Town, County, and the State of New York.

Population Trends

<u>Year</u>	<u>Town of Shelter Island</u>	<u>Suffolk County</u>	<u>New York State</u>
2000	2,228	1,419,369	18,976,457
2010	2,392	1,493,350	19,229,752
2020	3,253	1,525,920	19,514,849

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

Per Capita Money Income

	<u>2000</u>	<u>2010</u>	<u>2020</u>
Town of Shelter Island	\$30,346	\$44,111	\$56,597
Suffolk County	26,577	35,755	46,466
New York State	23,389	30,948	40,898

Source: U.S. Census Bureau

Median Family Income

	<u>2000</u>	<u>2010</u>	<u>2020</u>
Town of Shelter Island	\$63,750	\$77,452	\$126,460
Suffolk County	72,112	96,220	123,117
New York State	51,691	67,405	87,270

Source: U.S. Census Bureau.

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest area for which such statistics are available (which includes the School District) is the County.

<u>Year</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2020	8.5	10.1
2021	4.9	7.2
2022	3.1	4.4
2023	3.2	4.2
2024	3.5	4.3

Source: Department of Labor, State of New York.

Litigation

There are no suits pending or, to the knowledge of the officers of the Library and members of the Board, threatened against the Library wherein an unfavorable result would have a material adverse effect on the financial condition of the Library or impair the levy and collection of ad valorem taxes.

PART 5 – PLAN OF FINANCE

The proceeds of the Series 2025 Bonds will be used, together with other available funds, to finance the Project consisting of (i) acquiring, constructing, reconstructing, renovating, equipping or otherwise providing for additions and/or alterations and improvements to the Library’s existing main library building located at 37 North Ferry Road, in the Town of Shelter Island, New York, and the site thereof, including but not limited to the original furnishings, equipment, machinery, apparatus and ancillary or related sitework required in connection therewith, more specifically to include the expansion of the existing building by approximately 5,000 square feet to a total of approximately 11,000 square feet; repairs to or replacement of the roof, windows, HVAC, lights, bathrooms, parking lots, sidewalks, exterior lighting and elevator; and redesign and renovation of facilities to enhance safety, energy efficiency and programming; and (ii) paying costs of issuance and capitalized interest, if any. The electorate of the Library District, by vote on June 17, 2023, approved a referendum to undertake such Project (see “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Authorization of Project, Payment and Tax Levy”).

PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount.....	_____
[Plus/Less]: Original Issue [Premium/Discount]	_____
Other Available Funds of the Library ¹	_____
Total Sources	_____

Uses of Funds

Deposit to Construction Fund	_____
Deposit to Debt Service Fund ¹	_____
Costs of Issuance ²	_____
Underwriter’s Discount.....	_____
Total Uses	_____

¹ Represents debt service payable on the Series 2025 Bonds in 2025. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Authorization of Project, Payment and Tax Levy.”

² Includes legal fees, DASNY fee, and other costs related to the issuance of the Series 2025 Bonds.

PART 7 – RISKS TO BONDHOLDERS

Purchase of the Series 2025 Bonds involves a degree of risk. Prospective purchasers of the Series 2025 Bonds should give careful consideration to the matters referred to in the following summary as well as to other information set forth in this Official Statement. The discussion herein of risks to holders of the Series 2025 Bonds is not intended as dispositive, comprehensive or definitive, but rather is intended only to summarize certain matters which could affect payment on the Series 2025 Bonds. Holders of the Series 2025 Bonds should be aware that other potential risks and factors could adversely affect the Library’s ability to make payments on the Loan Agreement. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

Economic Risk

The financial and economic condition of the Library as well as the market for the Series 2025 Bonds could be affected by a variety of factors, some of which are beyond the control of the Library. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Series 2025 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Library to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Series 2025 Bonds could be adversely affected.

There are a number of general factors that could have a detrimental effect on the ability of the Library to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the School District. Unforeseen developments could also result in substantial increases in Library’s expenditures, thus placing strain on the Library’s financial condition. These factors may have an effect on the market price of the Series 2025 Bonds.

Amendments, Changes, Modifications, or Termination of the Tax Collection Agreement

Pursuant to the Tax Collection Agreement, (i) the Town is directed to collect, or cause to be collected, the real property taxes levied by the School District against real property within the School District and to remit such real property taxes to the School District and (ii) thereafter, the School District is directed to pay such real property taxes directly to the Trustee. The Tax Collection Agreement provides that the parties may amend, change, modify, alter or terminate the Tax Collection Agreement if each of the parties execute a writing to that effect.

Abolishment of Library or Reduction in Public Funds

Although unlikely, it is possible that a petition may be submitted to the Board of Trustees of the Library, the School District, the Town, or a successor entity, by any party authorized under any relevant law, rule or regulation, to abolish the Library or providing for a reduction in the Public Funds payable to the Library in an amount below that which is necessary to generate funds sufficient to cover the costs of both operations and debt service of the Library.

Enforceability of Remedies

The remedies available to the holders of the Series 2025 Bonds upon an event of default under the Loan Agreement or other documents described herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, affect the payment rights of Bondholders and the remedies specified by the federal bankruptcy laws, the Loan Agreement and the various documents referred to herein may not be readily available or may be limited. The legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will be qualified as to enforceability of the legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Changes to the Internal Revenue Code

Amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Series 2025 Bonds. Any such future legislation would have an adverse effect on the market value of the Series 2025 Bonds. See “PART 11 – TAX MATTERS” herein.

Tax-Exempt Status Change

As an entity qualified under Section 501(c)(3) of the Code, the Library is subject to various requirements affecting its operations. Although the Library has covenanted to maintain its status as a Section 501(c)(3) organization, a loss of the Library’s status as a Section 501(c)(3) organization, failure of the Library to comply with certain legal requirements of the Code, or adoption or amendments to the Code applicable to the Library, could cause interest on the Series 2025 Bonds to be included in the gross income of the Series 2025 Bondholders for federal income tax purposes, and such inclusion could be retroactive to the date of issuance of the Series 2025 Bonds. The opinion of Co-Bond Counsel to DASNY and the description of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Series 2025 Bonds are issued. No assurance can be given that such laws or the interpretations thereof will not change, or that new provisions of law will not be enacted or promulgated at any time while the Series 2025 Bonds are outstanding, in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2025 Bonds. See “PART 11 – TAX MATTERS” herein.

No Obligation of State, County, Town or School District

The Series 2025 Bonds will not be a debt of the State, the County, the Town or the School District nor will the State, the County, the Town or the School District be liable thereon or under the Loan Agreement. The Series 2025 Bonds are special obligations of DASNY payable solely from the sources described in this Official Statement.

No Taxing Power

DASNY is a public benefit corporation of the State. DASNY has no taxing power.

Cybersecurity

The Library, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Library faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Library digital networks and systems and the costs of remedying any such damage could be substantial.

Environmental Matters

The Library is subject to federal, state and local environmental and occupational health and safety laws and regulations. As a property owner, the Library may be subject to potential liability resulting from environmental risks.

These risks may result in damage to individuals, property, or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; may result in governmental agency actions; and may not be covered by insurance. While the Library is not aware of any environmental risk that it believes will impact its operations, there can be no assurance that the Library will not encounter such risks in the future, and such risks may result in material adverse consequences to the Library.

Construction Risk

Completion of the Project may be delayed as a result of any number of causes, including but not limited to, construction contract difficulties or disputes, adverse weather conditions, unavailability of subcontractors, negligence on the part of subcontractors, labor disputes, litigation, unexpected subterranean archaeological or environmental conditions, unanticipated or increased costs of construction or renovation, increased costs of materials, supply chain issues, or inability to obtain materials, fixtures, or fittings in a timely manner to complete construction. Any of these events or occurrences, separately or in combination, could have a material adverse effect on the ability to complete the Project, or to complete it as planned within the expected budget and schedule.

PART 8 – DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including State Personal Income Tax Revenue Bonds and State Sales Tax Revenue Bonds, on behalf of public clients such as the State University of New York, the City University of New York, the Department of Health, the New York State Education Department, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Addiction Services and Supports, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services ("BOCES"), State University of New York, the Workers' Compensation Board, school districts across the State, and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY's private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes, and to lend funds to such institutions. As of December 31, 2024, DASNY had approximately \$58.5 billion aggregate principal amount of bonds and notes outstanding.

DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education, and community improvement, which are payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds and/or State Sales Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. All DASNY's outstanding bonds and notes, both fixed and variable rate, are special limited obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special limited obligations were issued. DASNY has no obligation to pay its special limited obligations other than from such payments.

DASNY also offers a variety of construction services to certain educational, governmental, and not-for-profit institutions in the areas of project planning, design, and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects, and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money, and adopt a program of self-insurance.

DASNY has a staff of approximately 515 employees located in four main offices (Albany, New York City, Buffalo and Rochester) and at approximately 40 field sites across the State.

Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly, and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State, and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties.

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

The current members of DASNY are as follows:

LISA A. GOMEZ, *Chair*, Pelham.

Lisa A. Gomez was appointed as a Member of DASNY by the Governor on June 2, 2022. Ms. Gomez is CEO of L+M Development Partners, LLC (L+M). She previously served as Chief Operating Officer. L+M develops, builds and manages affordable housing with local agencies such as the New York City Department of Housing Preservation and Development and the New York City Housing Authority. Prior to joining L+M, Ms. Gomez held positions in the Bloomberg and Dinkins Administrations as well as with JP Morgan Chase & Co. and Silverstein Properties. Ms. Gomez has a B.A. from Louisiana State University.

GERARD ROMSKI, ESQ., *Vice-Chair*, Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for “Arverne by the Sea,” where he is responsible for advancing and overseeing all facets of “Arverne by the Sea,” one of New York City’s largest mixed-use developments located in Queens, New York. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

ALFONSO L. CARNEY, JR., New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc., and General Foods Corporation. Mr. Carney holds a Bachelor’s degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

WELLINGTON Z. CHEN, Queens.

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expired on March 31, 2020 and by law he continues to serve until a successor shall be chosen and qualified.

JOAN M. SULLIVAN, Slingerlands.

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the NYS Office of State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.

JANICE McKINNIE, Buffalo.

Janice McKinnie was appointed as a Member of DASNY by the Speaker of the Assembly on June 12, 2020. Ms. McKinnie is the Executive Director of True Community Development Corporation where she has led various housing rehabilitation and development projects and has formed strategic alliances with local and regional community groups to promote affordable housing and economic growth within the area of Buffalo. She is also the owner of Developments By JEM, LLC, a construction and project development consulting firm and a NYS certified M/WBE business. Ms. McKinnie is a graduate of the State University College of Buffalo and holds a Master's degree in organizational leadership from Medaille College.

KENT D. SYVERUD, Syracuse.

Kent D. Syverud was appointed as a Member of DASNY by the Governor on June 4, 2024. Chancellor Kent Syverud is the 12th Chancellor and President of Syracuse University. Before joining Syracuse University in 2014, he served as dean and the Ethan A.H. Shepley Distinguished University Professor at the School of Law at Washington University in St. Louis. Prior to that, he served as dean at Vanderbilt University Law School and as associate dean for academic affairs and professor at University of Michigan Law School. An elected member of the American Law Institute, Chancellor Syverud's scholarship has addressed negotiation, civil litigation, dispute resolution, and higher education. Chancellor Syverud has a Bachelor of Arts degree from Georgetown University School of Foreign Service and a Juris Doctor degree and Master's degree in Economics from University of Michigan.

BETTY A. ROSA, *Commissioner of Education of the State of New York, Bronx; ex-officio.*

Dr. Betty A. Rosa was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective February 8, 2021. Previously, Dr. Rosa assumed the role of Interim Commissioner of Education and President of the University of the State of New York from August 14, 2020 through February 7, 2021. Dr. Rosa had served as a member of the Board of Regents and as Chancellor thereof from March 2016 through August 2020. She started her career with the NYC Department of Education as a paraprofessional and later served as a teacher, assistant principal and principal in the Bronx and, upon appointment, assumed the responsibilities of Superintendent of Community School District 8 then Senior Superintendent of the Bronx. Dr. Rosa is a nationally recognized education leader who has over 30 years of instructional and administrative experience with an expertise in inclusive education, cooperative teaching models, student achievement and policy implementation. She received a B.A. in psychology from the City College of New York and an Ed. M. and Ed. D. in Administration, Planning and Social Policy from Harvard University as well as two other Master of Science in Education degrees, one in Administration and Supervision and the other in Bilingual Education from the City College of New York and Lehman College respectively.

BLAKE G. WASHINGTON, *Budget Director of the State of New York, Albany; ex-officio.*

Blake G. Washington is the Budget Director for the State of New York, appointed by Governor Kathy Hochul. Mr. Washington is responsible for the development and management of the New York State budget and leads a team of public servants to administer the fiscal duties of the State, including economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio. Mr. Washington was

previously employed by the New York State Assembly Ways and Means Committee for over 20 years, culminating with his service as Secretary to the Committee from 2015 through 2023. In that role, Mr. Washington advised the Assembly Speaker and the Assembly Majority on all budget and fiscal matters and served as the Assembly's lead negotiator on the New York State budget. He began his career in public service as a probation officer in Sullivan County, New York. Mr. Washington earned both his master's and bachelor's degrees from the State University of New York at Albany.

JAMES MCDONALD, M.D., Commissioner of Health of the State of New York, Albany; ex-officio.

James McDonald, M.D., was named Acting Commissioner starting January 1, 2023 and confirmed as Commissioner by the State Senate on June 10, 2023. Prior to that, Dr. McDonald served as the Medical Director of the State Department of Health's Office of Public Health and Interim Director of the Center for Community Health, part of the Office of Public Health. Before joining the State Department of Health, Dr. McDonald worked for 10 years at the Rhode Island Department of Health, most recently as Interim Director/Commissioner. Dr. McDonald earned his medical degree from Loyola Stritch School of Medicine in Chicago. He earned his MPH from the University of North Carolina in Chapel Hill. Dr. McDonald is board certified in pediatrics as well as preventive medicine.

The principal staff of DASNY are as follows:

ROBERT J. RODRIGUEZ is the President and chief executive officer of DASNY, responsible for the overall management of DASNY's administration and operations. Prior to his appointment to DASNY, Mr. Rodriguez served as New York's Secretary of State. He previously served as a member of the New York State Assembly for 11 years representing Assembly District 68. He was Co-Chair of the Legislative Task Force on Demographic Research and Reapportionment, founding Chair of the Assembly Sub-committee on Infrastructure and Member of Committees on Ways and Means, Housing, Labor, Banking, Corporations and Authorities, and Mental Health. Mr. Rodriguez also held positions at Public Financial Management, A.C. Advisory, Inc., and Bloomberg L.P. Mr. Rodriguez has a Bachelor of Arts in History and Political Science from Yale University and received his MBA in Finance from New York University Stern Business School.

CHARLIE WILLIAMS is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Williams coordinates policy and operations across all DASNY business lines and serves as chief advisor on all DASNY operational matters. Mr. Williams most recently served as Managing Director for Executive Direction at DASNY. Prior to that, he served as Deputy Budget Director for the NYS Division of Budget where he oversaw the budgets of approximately 125 state agencies and authorities in the areas of economic development, human services, housing, energy, environment, education, arts, agriculture, parks, mental hygiene, developmental disabilities, addiction services and public protection. He holds a Bachelor of Arts degree from State University of New York at Plattsburgh and a Master's degree in Public Administration from the Rockefeller College of the University at Albany.

KIMBERLY A. ELLIS is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Ellis is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, payroll and information services, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Prior to her appointment to Chief Financial Officer and Treasurer, Ms. Ellis served in numerous senior positions within the Finance Division of DASNY, including as Deputy Financial Officer and Assistant Director of Investments, where she had direct involvement with the management of DASNY's financial operations, including DASNY's overall investment portfolio and the coordination and development of DASNY's annual operating budget and capital plans. Ms. Ellis holds a Bachelor of Science degree in Accounting from the State University of New York at Buffalo.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. Prior to that, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, real property, sustainability and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

SARA POTTER RICHARDS, is the Managing Director for Executive Direction. Ms. Richards works with all Members of the Executive Management team to coordinate policy and operations across DASNY business lines. She is responsible for coordinating the work of the DASNY Board of Directors and overseeing the Grants Administration Unit and the Office of Environmental Affairs. Ms. Richards began her DASNY career in the Office of General Counsel and has held a variety of positions of increasing responsibility, most recently serving as Chief of Staff. She holds a Bachelor of Science degree from Ithaca College and a Juris Doctor degree from Albany Law School.

The position of General Counsel is currently vacant.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

There is not now pending any litigation against DASNY (i) restraining or enjoining the issuance or delivery of the Series 2025 Bonds nor (ii) challenging the validity of the Series 2025 Bonds or the proceedings and authority under which DASNY will issue the Series 2025 Bonds.

Other Matters

New York State Public Authorities Control Board

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

Legislation

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

Environmental Quality Review

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

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2024. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 9 – LEGALITY OF THE SERIES 2025 BONDS FOR INVESTMENT AND DEPOSIT

Under State law, the Series 2025 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities of the State may limit the investment of funds of such authorities in the Series 2025 Bonds.

The Series 2025 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 10 – NEGOTIABLE INSTRUMENTS

The Series 2025 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2025 Resolution.

PART 11 – 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.

Opinions of Co-Bond Counsel

In the opinions of Hodgson Russ LLP and Pearlman & Miranda, LLC, Co-Bond Counsel, under existing law and assuming compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2025 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 Library or another person, by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2025 Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, (b) interest on the Series 2025 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 (c) interest on the Series 2025 Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code and (2) interest on the Series 2025 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). Co-Bond Counsel express no opinion as to any other tax consequences regarding the Series 2025 Bonds.

In rendering the foregoing opinions, Co-Bond Counsel noted that exclusion of the interest on the Series 2025 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 opinions of Co-Bond Counsel, the Tax Certificate and the other financing documents establish requirements and procedures, compliance with which will satisfy the Tax Requirements. Co-Bond Counsel will not independently verify the accuracy of the certifications and representations of DASNY and the Library or the continuing compliance with the covenants by DASNY and the Library.

Co-Bond Counsel 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 2025 Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of DASNY or the Library. DASNY and the Library have each covenanted to take the actions required of it for the interest on the Series 2025 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 2025 Bonds, Co-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 Co-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 2025 Bonds or the market value of the Series 2025 Bonds.

Each opinion of Co-Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Co-Bond Counsel’s legal judgment as to exclusion of interest on the Series

2025 Bonds from gross income for federal income tax purposes, but is not a guaranty of that conclusion. Neither opinion is binding upon the Internal Revenue Service (“IRS”) or any court. Co-Bond Counsel express 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 2025 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 2025 BONDS.

Certain Collateral Federal Tax Consequences

You should also be advised that the Series 2025 Bonds are subject to, among others, the following provisions contained in the Code:

- (1) interest on the Series 2025 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 2025 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 2025 Bonds.

Prospective purchasers of the Series 2025 Bonds should also be aware that ownership of, accrual or receipt of interest on, or disposition of, the Series 2025 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 2025 Bonds. Co-Bond Counsel express 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 2025 Bonds. Co-Bond Counsel will express no opinion regarding these consequences.

Information Reporting and Backup Withholding

Interest paid on the Series 2025 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 2025 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2025 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

Each opinion of Co-Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Co-Bond Counsel’s judgment as to the proper treatment of the Series 2025 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 2025 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 2025 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 2025 Bonds. There can be no assurance that legislation enacted or proposed or actions by a court after the date of issuance of the Series 2025 Bonds will not have an adverse effect on the tax status of the interest paid or payable on the Series 2025 Bonds or the market value or marketability of the Series 2025 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 2025 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 2025 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 2025 Bonds or the tax consequences of ownership of the Series 2025 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 2025 Bonds may occur.

Prospective purchasers of the Series 2025 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 2025 Bonds at other than their original issuance at the respective prices or yields indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Co-Bond Counsel express no opinion.

Co-Bond Counsel's engagements with respect to the Series 2025 Bonds ends with the issuance of the Series 2025 Bonds. Co-Bond Counsel have not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2025 Bonds may affect the tax status of interest paid or payable on the Series 2025 Bonds.

Unless separately engaged for such purpose, neither Co-Bond Counsel is obligated to defend DASNY or the owners of the Series 2025 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 2025 Bonds, under current IRS procedures, the IRS will treat DASNY as the taxpayer and the beneficial owners of the Series 2025 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 DASNY legitimately disagrees may not be practicable. Any action by the IRS, including but not limited to the selection of the Series 2025 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 2025 Bonds, and may cause DASNY, the Library or the Bondholders to incur significant expense.

[Discount Series 2025 Bonds

The excess, if any, of the amount payable at maturity of any maturity of the Series 2025 Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2025 Bonds with original issue discount (the "Discount Series 2025 Bonds") will be excluded from gross income for purposes of federal income taxation to the same extent as interest on such Series 2025 Bonds. In general, the issue price of a maturity of the Series 2025 Bonds is the first price at which a substantial amount of the Series 2025 Bonds of that maturity was sold to the public (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser's adjusted basis in a Discount Series 2025 Bond is increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Series 2025 Bond for purposes of federal income taxation. In addition, original issue discount that accrues in each year to an owner of a Discount Series 2025 Bond will be included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Series 2025

Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Series 2025 Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of a Discount Series 2025 Bond that is subject to redemption prior to maturity or that is not purchased in the initial offering at the first price at which a substantial amount of such substantially identical Series 2025 Bonds is sold to the public may be determined according to rules that differ from those described above.

Prospective purchasers of Discount Series 2025 Bonds should consult their own tax advisors with respect to the determination for purposes of federal income taxation of the amount of original issue discount or interest properly accruable with respect to such Discount Series 2025 Bonds and with respect to state and local tax consequences of owning and disposing of Discount Series 2025 Bonds.]

[Premium Series 2025 Bonds

The excess, if any, of the tax adjusted basis of a maturity of any Series 2025 Bonds purchased as part of the initial public offering by a purchaser (other than a purchaser who holds such Series 2025 Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is “bond premium.” Owners of a maturity of the Series 2025 Bonds with bond premium (a “Premium Series 2025 Bond”) will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the initial owner of a Premium Series 2025 Bond may realize taxable gain upon disposition of Premium Series 2025 Bonds even though sold or redeemed for an amount less than or equal to such owner’s original cost of acquiring such Premium Series 2025 Bonds. In general, bond premium is amortized over the term of a Premium Series 2025 Bond for Federal income tax purposes in accordance with constant yield principles based on the owner’s yield over the remaining term of such Premium Series 2025 Bond (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). The Owner of a Premium Series 2025 Bond is required to decrease such Owner’s adjusted basis in such Premium Series 2025 Bond by the amount of amortizable bond premium attributable to each taxable year such Premium Series 2025 Bond is held. The amortizable bond premium on such Premium Series 2025 Bond attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Premium Series 2025 Bond.

Prospective purchasers of any Premium Series 2025 Bond should consult their tax advisors with respect to the determination for purposes of federal income taxation of the treatment of bond premium upon the sale or other disposition of such Premium Series 2025 Bond and with respect to the state and local tax consequences of acquiring, owning and disposing of such Premium Series 2025 Bond.]

Tax Risks - Loss of Federal Tax Exemption

As described above, interest on the Series 2025 Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2025 Bonds that violate the requirements and limitations prescribed by the Code. Although the Library 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 2025 Bonds may be deemed to be taxable from the date of issuance. The Series 2025 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 2025 Bonds becoming subject to federal income taxation.

Form of Opinions of Co-Bond Counsel

The form of the approving opinions of Co-Bond Counsel with respect to the Series 2025 Bonds is attached hereto as Appendix E. See “FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL” in APPENDIX E.

PART 12 – STATE NOT LIABLE ON THE SERIES 2025 BONDS

The Act provides that notes and bonds of DASNY shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2025 Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 13 – COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of DASNY’s notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY’s notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State’s pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with DASNY and with the holders of DASNY’s notes or bonds.

PART 14 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2025 Bonds by DASNY are subject to the approval of Hodgson Russ LLP, Albany, New York, and Pearlman & Miranda, LLC, New York, New York, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2025 Bonds. The proposed form of each such opinion is set forth in Appendix E hereto. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, New York, New York. Certain legal matters will be passed upon for the Library by its special counsel, Hawkins Delafield & Wood LLP, New York, New York and Volz & Vigliotta, PLLC, Nesconset, New York.

PART 15 – UNDERWRITING

Raymond James & Associates, Inc. (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2025 Bonds from DASNY at an aggregate purchase price of \$_____ (which represents the par amount of the Series 2025 Bonds, less the Underwriter’s discount of \$_____, [plus/less] [premium/discount] of \$_____) and to make a public offering of Series 2025 Bonds at prices that are not in excess of the public offering prices (or at yields not less than the yields) stated on the inside cover page of this Official Statement. The Underwriter’s obligations are subject to certain conditions precedent, and, if these conditions are met, the Underwriter will be obligated to purchase all such Series 2025 Bonds if any are purchased.

The Series 2025 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

PART 16 – CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Library will enter into a written agreement (the “Continuing Disclosure Agreement”) with Digital Assurance Certification LLC (“DAC”), as disclosure dissemination agent, and the Trustee. The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix F.

PART 17 – RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “Aa2” to the Series 2025 Bonds. Such rating reflects only the views of such rating agency and any desired explanation of the significance of such rating or any outlooks or other statements with respect thereto should be obtained from the rating agency at the following addresses: Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn

entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2025 Bonds.

PART 18 – MISCELLANEOUS

References in this Official Statement to the Act, the Resolution, the Series 2025 Resolution, the Tax Collection Agreement, and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2025 Resolution, the Tax Collection Agreement, and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2025 Resolution, the Tax Collection Agreement, and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2025 Bonds are fully set forth in the Resolution and the Series 2025 Resolution. Neither any advertisement of the Series 2025 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2025 Bonds.

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

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

"Appendix A – Certain Definitions," "Appendix C – Summary of Certain Provisions of the Loan Agreement," "Appendix D – Summary of Certain Provisions of the Resolution," and "Appendix E – Form of Approving Opinions of Co-Bond Counsel" have been prepared by Hodgson Russ LLP, Albany, New York, and Pearlman & Miranda, LLC, New York, New York, Co-Bond Counsel.

"Appendix B – Financial Statements of the Shelter Island Public Library Society and Independent Auditors' Report" contains certain audited financial statements of the Library for the year ended December 31, 2023 and the reports of the Library's independent auditors, Baldessari & Coster LLP, on such financial statements.

The information regarding the Library, the Project, the Tax Referendum, and the purpose of the issue was supplied by the Library. DASNY believes that this information is reliable, but DASNY makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

The Library has reviewed the parts of this Official Statement under the headings "PART 1 – INTRODUCTION – Purpose of the Issue," "PART 1 – INTRODUCTION – The Library," "PART 1 – INTRODUCTION – Payment of the Series 2025 Bonds," "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Payment of the Series 2025 Bonds," "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Authorization of Project, Payment and Tax Levy," "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – Security for the Series 2025 Bonds," "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2025 BONDS – The Tax Collection Agreement," "PART 3 – THE SERIES 2025 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2025 Bonds," PART 4 - THE LIBRARY," "PART 5 – PLAN OF FINANCE," "PART 6 – ESTIMATED SOURCES AND USES OF FUNDS," "PART 7 – RISKS TO BONDHOLDERS," "PART 16 – CONTINUING DISCLOSURE," "PART 17 – RATING," and "Appendix B – Financial Statements of the Shelter Island Public Library Society and Independent Auditors' Report." The Library shall certify as of the dates of sale and delivery of the Series 2025 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

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

By: _____
Authorized Officer

CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined in the Resolution, the Series Resolution, or the Loan Agreements and used in this Official Statement.

Act means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including, without limitation, by the Health Care Financing Consolidation Act, being Title 4-B of Article 8 of the Public Authorities Law of the State of New York, as amended.

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

Authorized Officer means in the case of the Issuer, Institution or Trustee, as the case may be, when used with reference to any act or document referenced under the Resolution, means any person authorized by a resolution of the party's governing board, the by-laws of the applicable party or any other corporate documentation to perform such act or execute such document.

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

Bond Counsel means Hodgson Russ LLP, Pearlman & Miranda LLC, or an attorney or other law firm or firms appointed by the Issuer, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bond Year means, unless otherwise provided in a Series Resolution or a Certificate of Determination with respect to a Series of Bonds, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

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

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

Business Day means, unless otherwise defined in connection with Bonds of a particular Series, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York.

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

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

Collateral Security means a security interest in or pledge or any personal property, tangible or intangible, or mortgage on any real property or interest therein, given or made by the Institution or other party to secure the Institution's obligations under a Loan Agreement.

Construction Fund means the fund so designated, created and established for a Project by or pursuant to a Series Resolution authorizing the issuance of a Series of Bonds for the purpose of paying or refinancing the Costs of such Project.

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a

Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Credit Facility, a Liquidity Facility, a Hedge Agreement, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Issuer, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Issuer, in connection with the foregoing.

Cost or Costs of the Project means when used in relation to a Project, the costs and expenses, including reimbursement or refinancing of such costs, as appropriate, incurred in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the Institution or the Issuer for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on money borrowed from parties other than the Institution), (viii) interest on the Bonds, bonds, notes or other obligations of the Issuer issued to finance or refinance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Issuer incurred in connection with the Project or pursuant to the Resolution or to a Loan Agreement, a Credit Facility in connection with Bonds, a Liquidity Facility or a remarketing agreement in connection with Option Bonds or Variable Interest Rate Bonds.

Counterparty means any person with which the Institution has entered into a Hedge Agreement.

Credit Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, insurance policy, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Issuer or Trustee is entitled to obtain money to pay the principal and Sinking Fund Installments of and interest on particular Bonds whether or not the Issuer is in default under the Resolution, which is issued or provided by:

- (a) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;
- (b) an insurance company or association chartered or organized under the laws of any state of the United States of America;
- (c) the Government National Mortgage Association or any successor thereto;
- (d) the Federal National Mortgage Association or any successor thereto; or
- (e) any other federal agency or instrumentality set forth in the Series Resolution authorizing the Series of Bonds.

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility contained in the Resolution.

Debt Service Fund means, when used in connection with a Series of Bonds, the fund so designated, created and established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

Debt Service Reserve Fund means, when used in connection with a particular Series of Bonds, a reserve fund for the payment of the principal and Sinking Fund Installments of and interest on such Series of Bonds, as so designated, created and established by the Issuer by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

Debt Service Reserve Requirement means the amount of money required to be deposited in a Debt Service Reserve Fund as determined in accordance with the Series Resolution pursuant to which such Debt Service Reserve Fund has been established.

Defeasance Security means:

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

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

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

(iv) any other investments as provided in the applicable Series Resolution.

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

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

Determination of Taxability means, when used with respect to a Tax Exempt Bond, a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Issuer shall consent or from which no timely appeal shall have been taken, in each case to the effect that interest on such Bond is includable in the gross income of the Holder thereof for purposes of federal income taxation.

Electronic Means means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the

Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Resolution.

EMMA means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board or any successor repository for municipal securities disclosures.

Exempt Obligation means:

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

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

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

Federal Agency Obligation means:

(i) an obligation issued by any federal agency or instrumentality which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above;

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

(v) any other obligation issued by any federal agency or instrumentality permitted under the Issuer’s investment guidelines that is approved in writing by both the Issuer and the Institution.

Government Obligation means:

(i) a direct obligation of the United States of America;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by the United States of America;

(iii) an obligation to which the full faith and credit of the United States of America are pledged;

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

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

Hedge Agreement means any financial arrangement entered into by the Institution with a Counterparty that is or in the **nature** of an interest rate exchange agreement, an interest rate cap or collar or other exchange or rate protection transaction, in each case executed for the purpose of moderating interest rate fluctuations, reducing interest cost or creating with respect to any Variable Interest Rate Bond the economic or financial equivalent of a fixed rate of interest on such Bond.

Institution means the Shelter Island Public Library Society, a not-for-profit corporation duly organized and existing under the laws of the State or any successor thereto.

Intercreditor Agreement means an agreement by and among, *inter alia*, the Issuer, the Trustee, providers of Credit Facilities, if any, and any other applicable lenders, as creditors of the Institution, with respect to (i) the relative priorities of the liens upon the Shared Collateral, (ii) limitations or conditions upon their respective rights to enforce, foreclose or realize upon such liens, and (iii) the application of any money realized from the enforcement, foreclosure or other realization upon such liens.

Investment Agreement means a repurchase agreement or other agreement for the investment of money with a Qualified Financial Institution.

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

Liquidity Facility means, with respect to a Series of Bonds, a letter of credit, a surety bond, a standby purchase agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained by the Trustee upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase in accordance with the terms of the Series Resolution authorizing such Bonds or the Certificate of Determination relating to such Bonds.

Loan Agreement means, when used in connection with a Series of Bonds or the funds and accounts established in connection with a Series of Bonds, the Loan Agreement by and between the Issuer and the Institution entered into in connection with the issuance of such Series of Bonds, as the same from time to time shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement.

Maximum Interest Rate means, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bond as the maximum rate at which such Bond may bear interest at any time.

Minimum Interest Rate means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bonds as the minimum rate at which such Bond may bear interest at any time.

Opinion of Bond Counsel means an opinion of Bond Counsel to the effect that the action proposed to be taken will not cause interest on the Bonds to which such action relates to be includable in the gross income of the owners of such Bonds for purposes of federal income taxation and that such action is authorized or permitted by the Resolution and by the applicable Series Resolution and Certificate of Determination.

Option Bond means any Bond which by its terms may be or is required to be tendered by and at the option of the Holder thereof for redemption by the Issuer prior to the stated maturity thereof or for purchase by the Issuer

prior to the stated maturity thereof or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Certificate of Determination related to such Bonds.

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

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the defeasance provisions of the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Certificate of Determination relating to such Bond.

Parity Indebtedness means any indebtedness for borrower money issued, incurred, assumed or guaranteed by the Institution that is secured by Collateral Security that, pursuant to an Intercreditor Agreement or otherwise, is of equal priority with the lien of such Collateral Security securing the Institution's obligations under one or more Loan Agreements.

Permitted Collateral means:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligation:
- (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligation;
- (iii) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category; and
- (iv) any other obligations or securities permitted under the Issuer's investment guidelines and approved in writing by both the Institution and the Issuer.

Permitted Investments means any of the following:

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) uncollateralized demand deposits, including interest bearing money market accounts, time deposits, overnight bank deposits and other interest bearing deposits, and certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;
- (v) collateralized demand deposits, including interest bearing money market accounts, time deposits, overnight bank deposits and other interest bearing deposits, and certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose

unsecured senior debt, or debt obligations fully secured by a letter of credit, contract, agreement or surety bond issued by it, are, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, rated by at least one Rating Service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;

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

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

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

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

(x) any other investment permitted under the Issuer's investment guidelines that is approved in writing by both the Issuer and the Institution.

Project means the project referenced in a Loan Agreement and authorized to be financed or refinanced under the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described in the Resolution, in or pursuant to a Series Resolution or in or pursuant to a Certificate of Determination relating to such Bonds.

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

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

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank, which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may

be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

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

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

Rating Service means each of Moody's Investors Service, Inc., S&P Global Ratings, Fitch Ratings, and any other nationally recognized statistical rating organization, in each case which has assigned a rating to Outstanding Bonds, or their respective successors and assigns.

Record Date means, unless the Series Resolution or the Certificate of Determination relating thereto provides otherwise, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

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

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

Resolution means the Shelter Island Public Library Society Revenue Bond Resolution, adopted by the Issuer on January 15, 2025, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

Restricted Gift means any gift, grant or bequest of money or other property to or for the benefit of the Institution, the use of which has been restricted by the donor or the grantor to paying any cost or expense that constitutes a Cost of the Project.

Revenues means, when used in connection with the Bonds of any particular Series:

(i) all payments received or receivable by the Issuer that pursuant to the Loan Agreement entered into in connection with such Series of Bonds are required to be paid to the Trustee, other than payments to the Trustee for any of the following: (A) the administrative costs and expenses or fees of the Trustee, (B) deposit to the Arbitrage Rebate Fund, or (C) deposit to any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds tendered or deemed to have been tendered for purchase, and (D) deposit to any fund or account established by or pursuant to such Series Resolution for repayment of advances made by a provider of a Credit Facility or a Liquidity Facility; and

(ii) all amounts received as a consequence of the enforcement of a Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon any Collateral Security.

Serial Bond means any Bond so designated in a Series Resolution or a Certificate of Determination.

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

Series Resolution means a resolution of the Issuer authorizing the issuance of one or more Series of Bonds adopted by the Issuer pursuant to the Resolution.

Shared Collateral means the lien on any Collateral Security securing the Institution's obligations under a Loan Agreement that, in accordance with an Intercreditor Agreement or otherwise, is of equal priority with the lien on such Collateral Security that secures the Institution's obligations under one or more other Loan Agreements or on Parity Indebtedness.

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

State means the State of New York.

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

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

Tax-Exempt Bond means any Bond as to which Bond Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

Term Bond means any Bond so designated in a Series Resolution or a Certificate of Determination and payable from Sinking Fund Installments.

Trustee means the bank or trust company appointed as Trustee and paying agent for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

Unassigned Rights means the rights of the Issuer to (a) execute and deliver supplements and amendments to the Resolution and a Loan Agreement, pursuant to the Resolution, (b) be held harmless and indemnified pursuant to a Loan Agreement, (c) receive any funds for its own use, whether as administration fees, indemnification, or

otherwise under a Loan Agreement, (d) receive notices, Favorable Opinions of Bond Counsel and other documents as required under a Loan Agreement to be delivered to the Issuer; (e) require the Institution to take actions necessary to comply with a Loan Agreement; and (f) enforce any of the foregoing pursuant to a Loan Agreement.

Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Certificate of Determination relating to such Bonds and which shall be based on:

- (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or
- (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Certificate of Determination;

provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Certificate of Determination relating thereto, and that Series Resolution or Certificate of Determination shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

Variable Interest Rate Bond means any Bond which bears a Variable Interest Rate; *provided, however,* that a Bond, the interest rate on which shall have been fixed for the remainder of the term thereof, shall no longer be a Variable Interest Rate Bond.

Verification Report means, when used in connection with any Bonds for the payment of which Defeasance Securities and money has been deposited with the Trustee in accordance with the Resolution, a letter or other written report verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose.

**FINANCIAL STATEMENTS OF
SHELTER ISLAND PUBLIC LIBRARY SOCIETY AND INDEPENDENT AUDITORS' REPORT**

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**SHELTER ISLAND PUBLIC
LIBRARY SOCIETY**

**FINANCIAL REPORT
WITH
ADDITIONAL INFORMATION**

DECEMBER 31, 2023

SHELTER ISLAND PUBLIC LIBRARY SOCIETY

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BALDESSARI & COSTER LLP

Certified Public Accountants
84 Covert Avenue
Stewart Manor, New York 11530

Kevin Baldessari, C.P.A.
Albert Coster, C.P.A.
Edward Schломann, C.P.A.

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

THE NEW YORK STATE SOCIETY OF
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(516) 326-2582
Fax # (516) 358-7626

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Shelter Island Public Library Society
37 North Ferry Road
PO Box 2016
Shelter Island, New York 11964

Opinions

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Shelter Island Public Library Society as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Shelter Island Public Library Society, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shelter Island Public Library Society, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shelter Island Public Library Society's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

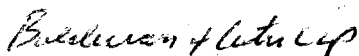
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Shelter Island Public Library Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shelter Island Public Library Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants
Stewart Manor, New York
March 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of three parts- *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library:

- The first four columns of the financial statements include information on the Library funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

	December 31,		Increase
	2023	2022	(Decrease)
Assets:			
Current assets	\$ 1,206	\$ 1,180	\$ 26
Investments	6,132	5,467	665
Capital assets	1,620	1,315	305
Total Assets	<u>8,958</u>	<u>7,962</u>	<u>996</u>
Liabilities:			
Long-term debt	0	0	0
Other liabilities	213	45	168
Total Liabilities	<u>213</u>	<u>45</u>	<u>168</u>
Net Position:			
Net investment in capital assets	1,620	1,315	305
Restricted	5,882	5,213	669
Unrestricted	1,243	1,389	(146)
Total Net Position	<u>\$ 8,745</u>	<u>\$ 7,917</u>	<u>\$ 828</u>
Revenue:			
Tax revenues	\$ 756	\$ 720	\$ 36
Gifts and donations	193	95	98
Investment income**	849	(641)	1,490
Other revenue	32	41	(9)
Total Revenue	1,830	215	1,615
Expenses - Library Services	1,002	937	65
Change in net position	828	(722)	1,550
Net position - beginning of year	7,917	8,639	(722)
Net Position - End of Year	<u>\$ 8,745</u>	<u>\$ 7,917</u>	<u>\$ 828</u>
**Portion of investment income (loss)			
that is restricted for use	<u>\$ 818</u>	<u>\$ (642)</u>	<u>\$ 1,460</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Library As A Whole

- The Library's net position increased by \$828,460 this year. This was largely due to the increase in the fair market value of the Library's investments.
- Generally, the Library's primary source of revenue is from property taxes. Exclusive of investment income, property taxes represented 77 percent of total revenue. In the prior year, property taxes represented 84 percent of total revenue exclusive of investment income.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 62 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits also represented 62 percent of the Library's total expenses.

The Library Funds:

Our analyses of the Library's major funds are included in the first four columns of pages 9 through 12 on the respective statements. The fund columns provide detailed information about the most significant funds – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. The Library's major funds consist of the General Fund, the Capital Fund, and the Permanent Fund.

The fund balance of the General Fund increased from \$568,000 to \$614,142. This was primarily the result of the budgetary variances described below. The fund balance of the Capital Fund decreased during the year from \$860,360 to \$669,631. The fund balance of the Permanent Fund increased from \$5,173,424 to \$5,841,265.

Budgetary Highlights:

The following are explanations for the significant variations between the Library's final budget and the actual results of the General Fund:

- The favorable budget variance in the gifts and donation income line was \$5,205. The Library attributes this to receiving additional funds from the Friends of the Library in order to purchase books from their Brooks Fund. The Library also received approximately \$2,000 in memorial donations due to the deaths of several patrons.
- The budget line for interest income had a favorable variance of \$13,865. This was due to the Boards decision to invest the Library's cash in higher interest bearing bank accounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Budgetary Highlights: (Continued)

- The budget line for other employee benefit costs was underspent by \$10,000. The Library budgets for unexpected employee costs each year. Fortunately, there were no such expenses this year.
- The budget line for building repair and maintenance was overspent by \$5,219. The Library attributes this to experiencing plumbing and cesspool issues. In addition, the front door mechanism malfunctioned requiring repair and replacement of parts.
- The capital outlay budget section was underspent by \$14,500. In anticipation of the upcoming building renovation and expansion project, the Library chose to forgo any building improvements or the replacement of equipment and furniture.

Capital Assets:

During the year ending December 31, 2023 the Library purchased \$352,883 of capital assets (capital outlay). These purchases were all related to the building expansion project. During the year, the Library discarded \$5,540 of obsolete computer equipment.

Debt Administration:

The Library does not have any long-term debt.

Currently Known Conditions:

The anticipated tax revenues for 2024 will be \$789,806. This represents a 4.50% tax increase as compared to 2023.

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Permanent Fund</u>	<u>Total</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Net Position</u>
Assets:						
Cash and cash equivalents						
Checking	\$ 15,924	\$	\$ 177,932	\$ 193,856	\$	\$ 193,856
Savings			48,857	48,857		48,857
Money market	393,508	561,227		954,735		954,735
Cash on hand	190			190		190
Total cash and cash equivalents	<u>409,622</u>	<u>561,227</u>	<u>226,789</u>	<u>1,197,638</u>	<u>0</u>	<u>1,197,638</u>
Prepaid expenses	8,118			8,118		8,118
State aid receivable	144			144		144
Internal receivables	36,176			36,176	(36,176)	
Investments (note 3)	204,029	313,675	5,614,476	6,132,180		6,132,180
Capital assets, net of depreciation					1,620,076	1,620,076
Total Assets	<u>\$ 658,089</u>	<u>\$ 874,902</u>	<u>\$ 5,841,265</u>	<u>\$ 7,374,256</u>	<u>\$ 1,583,900</u>	<u>\$ 8,958,156</u>
Liabilities:						
Accounts payable	\$ 24,338	\$ 169,095	\$	\$ 193,433	\$	\$ 193,433
Accrued payroll and related items	19,609			19,609		19,609
Internal payables		36,176		36,176	(36,176)	
Total Liabilities	<u>\$ 43,947</u>	<u>\$ 205,271</u>	<u>\$ 0</u>	<u>\$ 249,218</u>	<u>\$ (36,176)</u>	<u>\$ 213,042</u>

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

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023**

	General Fund	Capital Fund	Permanent Fund	Total	Adjustments (Note 10)	Statement of Net Position
Fund Balances/Net Position:						
Nonspendable (note 7)	\$ 30,459	\$	\$ 5,839,295	\$ 5,869,754	\$ (5,869,754)	\$
Restricted for specific purposes (note 8)	18,068		1,970	20,038	(20,038)	
Assigned for new technology and programming		10,000		10,000	(10,000)	
Assigned for capital projects		659,631		659,631	(659,631)	
Unassigned	565,615			565,615	(565,615)	
Total Fund Balances	614,142	669,631	5,841,265	7,125,038	(7,125,038)	
Total Liabilities And Fund Balances	\$ 658,089	\$ 874,902	\$ 5,841,265	\$ 7,374,256		
Net Position:						
Net investment in capital assets					1,620,076	1,620,076
Restricted for permanent endowment					5,861,636	5,861,636
Restricted for specific purposes (note 8)					20,038	20,038
Unrestricted					1,243,364	1,243,364
Total Net Position					\$ 8,745,114	\$ 8,745,114

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

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Permanent Fund</u>	<u>Total</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Activities</u>
Revenues:						
Tax revenues	\$ 755,796	\$	\$	\$ 755,796	\$	\$ 755,796
Fines and fees	4,438			4,438		4,438
Gifts and donations	45,205	147,394		192,599		192,599
State aid and other grants	7,137			7,137		7,137
Dividend and interest income	14,009	16,250	127,664	157,923		157,923
Realized & unrealized gain/(loss)			690,632	690,632		690,632
Programs and events	14,204			14,204		14,204
Sales of books and materials	1,097			1,097		1,097
Passport services	4,958			4,958		4,958
Miscellaneous revenue	1,627			1,627		1,627
Total Revenues	<u>848,471</u>	<u>163,644</u>	<u>818,296</u>	<u>1,830,411</u>	<u>0</u>	<u>1,830,411</u>
Expenditures/Expenses For						
Library Services:						
Salaries and employees benefits	619,100			619,100		619,100
Library materials and programs	124,181			124,181		124,181
Library operations	78,734	1,490	49,455	129,679		129,679
Building operations	81,314			81,314		81,314
Capital outlay		352,883		352,883	(352,883)	
Depreciation					47,677	47,677
Total Expenditures/Expenses	<u>\$ 903,329</u>	<u>\$ 354,373</u>	<u>\$ 49,455</u>	<u>\$ 1,307,157</u>	<u>\$ (305,206)</u>	<u>\$ 1,001,951</u>

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

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Permanent Fund</u>	<u>Total</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Activities</u>
Excess (Deficiency) Of Revenues Over Expenditures	\$ (54,858)	\$ (190,729)	\$ 768,841	\$ 523,254	\$ 305,206	\$
Other Financing Sources/Uses:						
Transfers- internal activities	<u>101,000</u>	<u></u>	<u>(101,000)</u>	<u>0</u>		
Excess (Deficiency) Of Revenues & Transfers In Over Expenditures	46,142	(190,729)	667,841	523,254	<u>(523,254)</u>	
Change In Net Position					828,460	828,460
Fund balance/Net Position- beginning of the year	<u>568,000</u>	<u>860,360</u>	<u>5,173,424</u>	<u>6,601,784</u>	<u>1,314,870</u>	<u>7,916,654</u>
Fund Balance/Net Position- End Of The Year	<u>\$ 614,142</u>	<u>\$ 669,631</u>	<u>\$ 5,841,265</u>	<u>\$ 7,125,038</u>	<u>\$ 1,620,076</u>	<u>\$ 8,745,114</u>

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

SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Shelter Island Public Library Society conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*. Some of the significant changes in the statement include the following:

- A Management’s Discussion and Analysis section providing an analysis of the Library’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library’s activities.
- A change in the fund financial statements to focus on the major funds.

The following is a summary of the significant accounting policies:

- A. **Reporting Entity:** The Shelter Island Public Library Society is a free association library that coordinates the raising of its real estate tax revenues with the Shelter Island Union Free School District. The Board of Trustees is responsible for the approval of the annual budget and oversight of the Library management’s control and disbursement of funds and maintenance of assets. The Library’s management is solely responsible for day-to-day operations.
- B. **Management Focus, Basis of Accounting and Financial Statement Presentation:** The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library’s major funds).

Government-Wide Financial Statements: The Government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund governmental activity has been eliminated from the government-wide financial statements.

The Statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1: Summary of Significant Accounting Policies (Continued)

**B. Management Focus, Basis of Accounting and Financial Statement Presentation:
(Continued)**

Fund Financial Statements: Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures are recorded only when a payment is due. The Library reports on the following funds:

General Fund: This fund is established to account for resources devoted to the general services that the Library performs for its taxpayers. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

Capital Fund: This fund is established to account for resources devoted to the construction and renovation of the Library.

Permanent (Endowment) Fund: This fund is established to account for resources donated to the Library where either the principal donation and/or the income generated by such donation has been earmarked for a specific purpose.

C. Interfund Transactions: The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for cash flow purposes. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted General Fund revenues to finance various programs that the Library must account for in other funds in accordance with budgetary authorizations.

D. Cash and Cash Equivalents: The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Fund Balance Classifications: The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* that defines the different types of fund balances that a governmental entity must use for financial reporting purposes. They are as follows:

Nonspendable: This includes amounts that cannot be spent because they are either not in spendable form (i.e., inventories, prepaid expenses, etc.) or they are legally or contractually required to be maintained intact.

Restricted: This includes amounts with constraints placed on the use of resources. These constraints can be externally imposed by creditors, grantors, contributors, or imposed by laws and regulations.

Committed: This includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Library's Board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned: This includes amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. The Library Board is not required to impose or remove the constraint. Assignments of fund balance cannot be made if it would result in a negative unassigned fund balance.

Unassigned: This includes the residual classification for the Library's general fund. This classification represents fund balance that has not been assigned to other funds, assigned for specific purposes, restricted, or committed.

F. Order of Use of Restricted/Unrestricted Net Position and Fund Balance: When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first. Expenditures incurred from unrestricted resources are applied to committed fund balance as determined by the Board, then to assigned fund balance, and then to the unassigned fund balance.

SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: **Summary of Significant Accounting Policies (Continued)**

G. Investments: The Library’s investment policies are governed by its own comprehensive written investment policy. The Board encourages various investment strategies and diversified holdings to minimize short-term volatility. The primary objectives are to: 1) Adequately safeguard and grow principal; 2) To maintain sufficient liquidity to meet financial and operating obligations; 3) To conform with all applicable Federal, State, and other legal requirements, and 4) to obtain a reasonable overall rate of return that will match or exceed the rate of inflation.

H. Capital Assets: Capital assets are defined by the Library as assets with an initial cost of \$500 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Library books and materials are not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	15 to 50 years
Furniture and fixtures	7 to 15 years
Equipment	5 to 7 years
Software	3 years

I. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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 statement and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

NOTE 2: **Concentration of Credit Risk**

The Library maintains its cash balances at several institutions. At year end, the Library’s carrying amount of deposits (including the cash held in the investment accounts) was \$1,605,385 and the bank balance was \$1,617,278. Of the bank balance, \$708,576 was covered by Federal Depository insurance and \$880,478 was covered by collateral held by the Library’s agent. The remaining balance of \$28,224 was not insured or collateralized.

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3: Investments

The Library carries investments in marketable securities with readily determinable values at their fair value. Generally, fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the twelve months ended December 31, 2023. The Library recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the twelve months ended December 31, 2023. Fair value measurements for investments reported at fair value on a recurring basis at December 31, 2023 were determined based on:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Market Value	Total Cost
General Fund:				
Certificates of Deposit	\$ 0	\$ 204,029	\$ 204,029	\$ 204,029
Capital Fund:				
Cash and money market funds	0	604	604	604
US Treasury Bill	0	313,071	313,071	309,561
Total Capital Fund	0	313,675	313,675	310,165
Permanent Fund:				
Cash and money market funds	0	154,257	154,257	154,257
Certificates of Deposit	0	49,047	49,047	50,000
Marketable Debt Securities:				
Government and asset backed securities	980,548	0	980,548	969,540
Corporate bonds	237,104	0	237,104	232,617
Total Marketable Equities	1,217,652	0	1,217,652	1,202,157
Marketable Equities:				
Exchange traded and mutual funds	1,677,453	0	1,677,453	1,482,459
Common stock	2,516,067	0	2,516,067	1,430,988
Total Marketable Equities	4,193,520	0	4,193,520	2,913,447
Total Permanent Fund	5,411,172	203,304	5,614,476	4,319,861
Total Investments	\$ 5,411,172	\$ 721,008	\$ 6,132,180	\$ 4,834,055

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4: Capital Assets

A summary of changes in general fixed assets is as follows:

	Balance as of 1/1/2023	Additions	Deletions	Balance as of 12/31/2023
Assets not being depreciated:				
Land	\$ 270,500	\$ 0	\$ 0	\$ 270,500
Construction in progress	61,901	352,883	0	414,784
Other capital assets:				
Building and improvements	1,399,743	0	0	1,399,743
Furniture and fixtures	119,424	0	0	119,424
Equipment	161,476	0	(5,540)	155,936
Software	3,053	0	0	3,053
Total	2,016,097	352,883	(5,540)	2,363,440
Accumulated depreciation	(701,227)	(47,677)	5,540	(743,364)
Net Book Value	\$ 1,314,870	\$ 305,206	\$ 0	\$ 1,620,076

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at December 31, 2023.

NOTE 6: Retirement Plan

During 2001 the Library established a retirement plan for its employees. The plan is known as a Simplified Employee Pension with Individual Retirement Accounts (SEP-IRA). For each eligible employee, the Library has also approved a contribution equal to 10% of the employees' annual salary. In order to be eligible employees must be at least 21 years of age and have performed services for the employer in at least three of the immediately preceding five years. For the year ending December 31, 2023 the Library made retirement contributions of \$38,314.

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: Nonspendable Fund Balance:

The components of the nonspendable fund balance at December 31, 2023 are as follows:

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
Nonspendable Fund Balance:				
Applicable to prepaids and deposit	\$ 8,118	\$ 0	\$ 0	\$ 8,118
Held for permanent endowment:				
Lamont Memorial Fund	22,341	0	0	22,341
Patterson Fund	0	0	5,839,295	5,839,295
Total held for permanent endowment	22,341	0	5,839,295	5,861,636
Total Nonspendable Fund Balance	<u>\$ 30,459</u>	<u>\$ 0</u>	<u>\$ 5,839,295</u>	<u>\$ 5,869,754</u>

NOTE 8: Funds Restricted for Specific Purposes

A summary of the restricted funds at December 31, 2023 are as follows:

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
Funds Restricted For:				
Building maintenance (Lamont Memorial Fund)	\$ 18,068	\$ 0	\$ 0	\$ 18,068
Youth Library (Patterson Fund)	0	0	1,970	1,970
Total Restricted Funds	<u>\$ 18,068</u>	<u>\$ 0</u>	<u>\$ 1,970</u>	<u>\$ 20,038</u>

NOTE 9: Significant Event

On June 17, 2023, the taxpayers approved financing the cost of the renovation and expansion of the Library building. The vote authorizes the Library to finance up to \$9,500,000 and for the levy of an additional tax payable, in annual installments, not to exceed \$727,000 per year, over a maximum period of thirty years.

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balance and the net change in fund balance of the Library’s governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position:

Total Fund Balance- Modified Accrual Basis	\$ 7,125,038
Amounts reported in the statement of net position are different because:	
<ul style="list-style-type: none"> • Capital assets are not financial resources, and are not reported in the funds 	<u>1,620,076</u>
Total Net Position- Full Accrual Basis	<u>\$ 8,745,114</u>
Net Change in Fund Balance- Modified Accrual Basis	\$ 523,254
Amounts reported in the statement of activities are different because:	
<ul style="list-style-type: none"> • Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are expensed over their estimated useful lives as depreciation: 	
Capital outlay	352,883
Depreciation expense	<u>(47,677)</u>
Change In Net Position- Full Accrual Basis	<u>\$ 828,460</u>

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenues:				
Tax Revenue:				
Shelter Island Union Free School District	\$ 755,796	\$ 755,796	\$ 755,796	\$ 0
Operating Revenue:				
Fines and fees	3,325	3,325	4,438	1,113
Gifts and donations	40,000	40,000	45,205	5,205
State aid and other grants	8,500	8,500	7,137	(1,363)
Interest income	144	144	14,009	13,865
Programs and events	12,050	12,050	14,204	2,154
Sales of books and materials	400	400	1,097	697
Passport services	5,000	5,000	4,958	(42)
Miscellaneous	500	500	1,627	1,127
Total Operating Revenue	69,919	69,919	92,675	22,756
Total Revenues	825,715	825,715	848,471	22,756
Other Financing Sources:				
Transfer from Permanent Fund	101,000	101,000	101,000	0
Total Revenues and Other Financing Sources	\$ 926,715	\$ 926,715	\$ 949,471	\$ 22,756
Expenditures:				
Salaries and Employee Benefits:				
Salaries	\$ 471,689	\$ 471,689	\$ 466,747	\$ 4,942
Payroll taxes	38,535	38,535	37,747	788
Pension expense	40,678	40,678	38,314	2,364
Health insurance	69,379	69,379	71,724	(2,345)
Workers compensation insurance	4,500	4,500	3,835	665
Disability insurance	450	450	733	(283)
Other employee benefits	10,000	10,000	0	10,000
Total Salaries and Employee Benefits	\$ 635,231	\$ 635,231	\$ 619,100	\$ 16,131

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

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures: (Continued)				
Library Materials And Programs:				
Books	\$ 19,500	\$ 19,500	\$ 18,347	\$ 1,153
Electronic database subscriptions	46,375	46,375	48,697	(2,322)
Periodicals	5,100	5,100	6,119	(1,019)
Non-traditional & developmental materials	900	900	621	279
Videotapes & DVD's	5,200	5,200	6,014	(814)
Audio books	1,200	1,200	869	331
SCLS basic service fees	11,500	11,500	11,168	332
Museum memberships	600	600	200	400
Programs and fundraising events	30,100	30,100	32,146	(2,046)
Total Library Materials And Programs	<u>120,475</u>	<u>120,475</u>	<u>124,181</u>	<u>(3,706)</u>
Library Operations:				
Office expense	9,000	9,000	12,223	(3,223)
PALS portal/automation	7,200	7,200	7,344	(144)
Computer maintenance and software	3,300	3,300	6,576	(3,276)
Office equipment repair and maintenance	2,500	2,500	2,701	(201)
Website maintenance	1,600	1,600	3,155	(1,555)
Travel and conference	7,500	7,500	7,360	140
Professional development	1,000	1,000	368	632
Professional fees	20,200	20,200	19,350	850
Ferriage	6,000	6,000	4,360	1,640
Newsletter	4,800	4,800	4,800	0
Postage and delivery	2,000	2,000	1,733	267
Annual vote	4,000	4,000	2,578	1,422
Dues and subscriptions	2,900	2,900	1,625	1,275
Licenses and permits	600	600	322	278
Bank charges	400	400	330	70
Advertising	1,500	1,500	1,431	69
Passport services	1,634	1,634	1,369	265
Community relations	300	300	814	(514)
Miscellaneous	575	575	295	280
Total Library Operations	<u>\$ 77,009</u>	<u>\$ 77,009</u>	<u>\$ 78,734</u>	<u>\$ (1,725)</u>

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

**SHELTER ISLAND PUBLIC LIBRARY SOCIETY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Balances	Variance Favorable (Unfavorable)
Expenditures: (Continued)				
Building Operations:				
Electric	\$ 9,100	\$ 9,100	\$ 8,923	\$ 177
Fuel oil	4,200	4,200	3,372	828
Telephone/telecommunications	8,500	8,500	7,779	721
Building repair and maintenance	33,700	33,700	38,919	(5,219)
Grounds maintenance	9,000	9,000	8,572	428
Insurance- building and liability	15,000	15,000	13,749	1,251
Total Building Operations	79,500	79,500	81,314	(1,814)
Capital Outlay:				
Building improvements	9,000	9,000	0	9,000
Equipment, furniture and fixtures	5,500	5,500	0	5,500
Total Capital Outlay	14,500	14,500	0	14,500
Total Expenditures	926,715	926,715	903,329	23,386
Other Financing Uses:				
Transfer to Capital Fund	0	0	0	0
Total Expenditures and Other Financing Uses	926,715	926,715	903,329	23,386
Excess Of Revenues And Other Financing Sources Over Expenditures And Other Financing Uses				
	0	0	46,142	46,142
Budgetary fund balance- beginning of year	568,000	568,000	568,000	568,000
Budgetary Fund Balance- End Of Year	\$ 568,000	\$ 568,000	\$ 614,142	\$ 614,142

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

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of such and all provisions. The headings below are not part of the Loan Agreement but have been added for ease of reference. Defined terms used herein shall have the meaning ascribed to them in Appendix A.

Operation of the Project

The Institution shall continue to be duly authorized to do business in the State and will operate all portions of the Project as a library facility throughout the term of the Loan Agreement. (Section 2.3(a))

Maintenance of Corporate Existence

The Institution shall maintain its corporate existence, will continue to operate as a not-for-profit institution for educational or charitable purposes as set forth in its charter, shall obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for the continued operation of the Institution as an institution for educational or charitable purposes as set forth in its charter providing such programs and services as it may from time to time determine, shall not dissolve or otherwise dispose of all or substantially all of its assets and shall not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that if no Event of Default shall be continuing, then, upon prior written notice to the Issuer, the Institution may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (ii) permit one or more corporations or any other organization to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or any other organization; provided, further, that in each case (a) the Institution provides a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee relating to any such sale, transfer, consolidation, merger or acquisition, (b) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and qualified under Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (c) the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Institution under the Loan Agreement and under the Institution Documents, furnishes to the Issuer a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation shall be in compliance with applicable, laws, rules and regulations and each of the provisions of the Loan Agreement and shall meet the requirements of the Act and furnishes such other certificates and documents as the Issuer may reasonably request. (Section 2.3(c))

Accounts and Reports

The Institution shall at all times maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all transactions and events relating to the business and affairs of the Institution. (Section 2.3(d))

Limitation on Agreements

Except as expressly provided in the Loan Agreement or the Resolution, the Institution shall not enter into any contracts or agreements or perform any act which may adversely affect any of the assurances, interests or rights of the Issuer or the Bondholders under the Loan Agreement or under the Resolution. (Section 2.3(e))

Information Concerning Institution

The Institution, whenever requested by the Issuer, shall provide and certify or cause to be provided and certified subject to legal restrictions, if any, such information concerning the Institution, its finances and other related topics as the Issuer from time to time reasonably determines to be necessary or desirable, including information reasonably necessary or desirable to enable the Issuer to make any reports or obtain any approvals required by law, governmental regulation or the Resolution to effect any of the transactions contemplated by the Loan Agreement or by the Resolution.

The Institution shall, if and when requested by the Issuer, provide to the Issuer reports with respect to the status of the construction of the Project. The Institution shall also furnish to the Issuer: (i) annually, not later than six (6) months after the end of the Institution's fiscal year, copies of the Institution's audited financial statements and (ii) such other statements, reports and schedules describing the finances, operation and management of the Institution and such other information as the Issuer may from time to time reasonably request.

The Institution shall deliver to the Issuer each year no later than one (1) month after the end of the Institution's fiscal year a compliance certificate signed by the Treasurer, Chief Financial Officer or the President of the Institution in the form attached to the Loan Agreement, together with other statistical information required by the Issuer.

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

The Institution shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of the Loan Agreement and any rights of the Issuer or the Trustee under the Loan Agreement or under the Resolution.

The Institution shall furnish to the Issuer and the Trustee notice of the commencement of any proceeding by or against the Institution commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law. (Section 2.3(f))

Compliance with Certain Requirements

The Institution shall comply with (i) all Governmental Requirements which, if not complied with, could adversely affect the Institution, its operations or financial condition or title to its properties in any material respect, and (ii) any requirement of an insurance company providing insurance to or for the benefit of the Institution. Anything contained in the Loan Agreement to the contrary notwithstanding, the Institution shall have the right to contest the validity of any Governmental Requirement or the application thereof at the Institution's sole cost and expense. During such contest, compliance with the contested Governmental Requirement may be deferred by the Institution, provided that prior to commencing any action or proceeding, administrative or judicial, contesting the Governmental Requirement, the Institution notifies the Issuer of the Institution's intention to contest such Governmental Requirement and, if the Issuer requests, shall furnish to the Issuer moneys or other security, satisfactory to the Issuer, securing compliance with the contested Governmental Requirement and payment of all interest, penalties, fines, fees and expenses resulting from or in connection with such contest or the failure of the Institution to comply with the contested Governmental Requirement. Any such action or proceeding instituted by the Institution shall be commenced as soon as is reasonably possible after the assertion of the applicability to the Project or any part thereof, of the contested Governmental Requirement by a governmental authority, and shall be prosecuted to final adjudication or other final disposition with reasonable dispatch. Notwithstanding the furnishing of any bond, deposit or other security, the Institution promptly shall comply with any such Governmental Requirement and compliance shall not be deferred if at any time the Project, or any part thereof, to which such contested Governmental Requirement relates, would be in substantial danger by reason of the Institution's noncompliance with such Governmental Requirement of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair (i) the interests or security of the Issuer under the Loan Agreement or under the Resolution, (ii) the ability of the Issuer to enforce its rights thereunder, (iii) the ability of the Issuer to fulfill the terms of any covenants or perform any of its obligations thereunder or (iv) the ability of the Institution to fulfill the terms of any covenants or perform any of its obligations thereunder. (Section 2.3(g))

Restriction on Religious Use

With respect to the Project or any portion thereof, so long as any of the Bonds are outstanding, the Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination. (Section 2.3(i))

Sale of the Project

The Institution shall not transfer, sell or convey any interest in the Project or any part thereof or interest therein, including development rights unless the Institution provides a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee relating to such action. (Section 2.3(j))

Financing and Refinancing of Project

The Institution agrees, and covenants and warrants to the Issuer that the proceeds of the Bonds will be used to finance and/or refinance, as applicable, the Costs of the Project and other purposes authorized by the Resolution.

With respect to the Series 2025 Bonds, the Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and under the Loan Agreement, the Institution shall complete, in all material respects, the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the description in the Official Statement. The Issuer makes no representation, express or implied, that the net proceeds of the Bonds will be sufficient to pay all costs to complete the Project. In the event that the moneys in the Construction Fund are not sufficient to pay in full all costs of the Project, the Institution agrees to pay all such sums as may be in excess of the moneys available therefor and necessary to complete the Project in all material respects. (Section 3.1)

Loan of Bond Proceeds

The Issuer agrees to loan the proceeds of the Bonds to the Institution in accordance with the provisions of the Loan Agreement. Such Bond proceeds shall be disbursed to the Institution in accordance with the provisions of the Resolution and of the Loan Agreement. (Section 4.1)

Loan Payments and Other Amounts Payable

Except to the extent that moneys are available therefor under the Resolution or under the Loan Agreement, including moneys in the Debt Service Fund (other than moneys required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the Institution hereby unconditionally agrees to pay, so long as Bonds are Outstanding from its general funds or any other moneys legally available to it:

(i) On or before the date of delivery of the Bonds, the Issuer Fee agreed to by the Issuer and the Institution in connection with issuance of the Bonds;

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

(iii) On each Loan Repayment Date, Loan Repayments, subject to adjustment from time to time as a result of events including but not limited to prepayment(s) and interest rate adjustment(s), if applicable;

(iv) On or before any Redemption Date, the amount required to pay the Redemption Price or purchase price of such Bonds, together with the amount of any fees or expenses charged or incurred by the Issuer to effectuate the redemption or defeasance of such Bonds;

(v) On December 10 of each Bond Year one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; provided, however, that the Annual Administrative Fee with respect to the Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to the Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(vi) Promptly upon demand by the Issuer or the Trustee, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Tax-Exempt Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds;

(vii) Promptly after notice from the Issuer, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Issuer (A) for the Issuer Fee then unpaid, (B) to reimburse the Issuer for payments made by it under the Loan Agreement, (C) to reimburse the Issuer for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of a Project, including but not limited to any fees or other amounts payable by the Issuer under a Remarketing Agreement, a Credit Facility or a Liquidity Facility, (D) for the costs and expenses incurred by the Issuer to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Resolution in accordance with the terms thereof and (E) for the fees and expenses of the Trustee and any paying agent in connection with performance of their duties under the Resolution; and

(viii) Promptly upon demand by the Trustee (a copy of which shall be furnished to the Issuer), all amounts required to be paid by the Institution as a result of an acceleration.

In addition to the Loan Payments, throughout the Loan Term, the Institution shall pay to the Issuer as additional loan payments, within fifteen (15) days of the receipt of demand therefor, an amount equal to the sum of the out-of-pocket expenses of the Issuer actually incurred (i) by reason of the Issuer's financing of the Project, or (ii) in connection with the carrying out of the Issuer's duties and obligations under the Issuer Documents, the payment of which is not otherwise provided for under the Loan Agreement; or (iii) on account of any payments made by the Issuer for the purpose of fulfilling the Institution's obligations under the Loan Agreement.

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

Subject to the provisions of the Loan Agreement and of the Resolution, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the Institution delivers to the Trustee for cancellation one or more Bonds and maturity to be so redeemed or (ii) the Trustee, at the written direction of the Issuer, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Issuer hereby directs the Institution, and the Institution hereby agrees, to make certain payments required by the Loan Agreement directly to the Trustee for deposit and application in accordance with the Resolution, certain payments directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Issuer, and certain payments directly to the Issuer.

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

The Issuer, for the convenience of the Institution, may, in its sole discretion, furnish to the Institution statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. Neither the failure to furnish such statements nor any error contained in such statements shall excuse non-payment of the amounts payable under the Loan Agreement at the time and in the manner provided by the Loan Agreement.

The Issuer shall have the right in its sole discretion to make on behalf of the Institution any such payment required pursuant which has not been made by the Institution when due. No such payment by the Issuer shall limit, impair or otherwise affect the rights of the Issuer under the Loan Agreement arising out of the Institution's failure to make such payment and no payment by the Issuer shall be construed to be a waiver of any such right or of the obligation of the Institution to make such payment. (Section 4.2)

Obligations of Institution Unconditional

The Loan Agreement and the obligations of the Institution to make payments thereunder are general obligations of the Institution. The obligations of the Institution to make payments or cause the same to be made thereunder shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Issuer, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Issuer or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Issuer from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Issuer shall fail to perform any such agreement, duty or obligation, the Institution may, subject to the provisions of the Loan Agreement, institute such action as it may deem necessary to compel performance or to recover damages for the Issuer's willful misconduct. (Section 4.3)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution continuously pledges, grants a security interest in, and assigns to the Issuer the Pledged Revenues, together with the Institution's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues.

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution's performance under the Loan Agreement. The Institution agrees that it shall not, except as provided in the Resolution, create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made under Section 4.6 of the Loan Agreement; provided, however, that the Institution may incur indebtedness secured by a parity lien on Pledged Revenues (excluding, however, the Issuer's security interest in the Project Levy) (referred to hereinafter as "Parity Indebtedness"). Prior to the incurrence of any Parity Indebtedness, (a) the Library shall provide written notice to the Issuer of its intent to incur such Parity Indebtedness and (b) an Intercreditor Agreement relating to such Parity Indebtedness (reflecting the relative priorities of the liens upon the Shared Collateral) in form and substance satisfactory to the parties thereto shall be executed and delivered. (Section 4.6)

Maintenance and Modifications of Project by Institution

The Institution shall, at its own expense, hold, operate and maintain the Project in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted. The Institution shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project which may have been financed by the proceeds of the sale of the Bonds provided that such fixtures, furnishings and equipment continue to be used for purposes permitted under the Tax Certificate or as otherwise permitted in a

Favorable Opinion of Bond Counsel delivered by the Institution to the Issuer and the Trustee. The Institution shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Project except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards. (Section 5.1)

Liens, Utilities and Access

The Institution warrants, represents and covenants that the Project (i) is and will be kept free from any encumbrances, liens or commitments of any kind, (ii) is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air conditioning and ventilation) and (iii) to the extent applicable, has and will have its own separate and independent means of access, apart from any other property owned by the Institution or others; provided, however, that such access may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution. (Section 5.3)

Taxes, Assessments and Utility Charges

The Institution shall pay when due at its own expense, and hold the Issuer harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Institution or any of its property. The Institution shall file exemption certificates as required by law. The Institution agrees to exhibit to the Issuer within ten (10) days after written demand by the Issuer, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; provided, however, the Institution may, in good faith, contest any such taxes, assessments and other charges. In the event of any such proceedings, the Institution shall pay such taxes, assessments or other charges so contested, or, at its option, allow the same to remain unpaid during the period of such proceedings and any appeal therefrom, provided, however, that (i) neither the Project nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited or lost by reason of such proceedings, and (ii) the Institution shall have set aside on its books adequate reserves with respect thereto and shall have furnished such security, if any, as may be required in such proceedings. (Section 5.4)

Insurance Required

The Institution agrees to maintain or cause to be maintained insurance with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the Institution, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. The Institution shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State. (Section 5.5(a))

Damage or Condemnation

Any insurance, condemnation or eminent domain proceeds received by the Institution shall either be: (i) applied to the cost of replacing, repairing, rebuilding, restoring or relocating the Project; (ii) paid to the Trustee for deposit to the Debt Service Fund and applied to the purchase or redemption of Outstanding Bonds; or (iii) used for any other purpose for which the Institution provides a Favorable Opinion of Counsel to the Issuer and the Trustee.

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

If any portion of the Project shall be damaged or destroyed (in whole or in part) at any time during the term of the Loan Agreement: (i) there shall be no abatement or reduction in the amounts payable by the Institution under the Loan Agreement (whether or not such portion of the Project is replaced, repaired, rebuilt, restored or relocated); and (ii) the Issuer shall have no obligation to replace, repair, rebuild, restore or relocate the Project or any portion of the Project. (Section 6.1)

Investment of Funds

The Institution acknowledges that the Issuer shall direct the investment of moneys held under the Resolution as provided therein and that no representation or warranty has been made by the Issuer with respect to interest rates on, or the amount to be earned as a result of, any such investment. The Issuer shall regularly consult with the Institution regarding any investments of funds being held in the Construction Fund. Neither the Issuer nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution in the manner provided therein, for any depreciation in value of any investment or for any loss, direct or indirect, resulting from any such investment. The Issuer hereby agrees that it shall direct the making of investments as permitted by the Resolution as soon as practicable when moneys are legally available therefor. (Section 7.6)

Arbitrage; Tax Exemption

The Institution covenants and agrees that it shall not perform any act or enter into any agreement or omit to take any action that would adversely affect its status as an organization described in Section 501(c)(3) of the Code and shall conduct its operations in a manner which conforms to the standards necessary to qualify the Institution as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provisions of federal income tax law. (Section 8.2)

The Issuer and the Institution covenant that they will comply with the provisions of the Code required to preserve the exclusion from gross income of interest on the Tax-Exempt Bonds for Federal income tax purposes, and shall not take or omit to take any action if such action or omission would cause the interest on the Tax-Exempt Bonds to be includable in gross income under Section 103 of Code.

The Issuer and the Institution each covenant that it will not take any action or fail to take any action which would cause any of its representations contained in the Tax Certificate to be untrue and shall comply with all its covenants contained in the Tax Certificate, unless the Issuer or the Institution, as applicable, provides the other party with a Favorable Opinion of Bond Counsel relating to the taking or failing to take such action or the failing to comply with its covenants under the Tax Certificate.

Except with a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee, neither the Institution nor any related party to the Institution (as defined in Treas. Reg. §1.150-1(b)) shall purchase any of the Tax-Exempt Bonds in an amount related to the obligation represented by the Loan Agreement. (Section 8.3)

Defaults and Remedies

As used in the Loan Agreement the term “**Event of Default**” shall mean:

(i) the Institution shall default in the timely payment of Loan Payments or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance herewith and the Resolution, and such default continues for a period in excess of seven (7) days; or

(ii) the Institution defaults in the due and punctual performance of any other covenant contained in the Loan Agreement (other than those designated in (i) above) or breaches any representation made herein and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Institution by the Issuer or the Trustee; provided, however, that, if in the determination of the Issuer such default cannot be corrected within such thirty (30) day period but can be corrected by appropriate action, it shall not constitute an Event of Default if corrective action is instituted by the Institution within such period and is diligently pursued until the default is corrected and in any event, not to exceed ninety (90) days; or

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

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

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

(vi) the charter or certificate of incorporation of the Institution or any license necessary to operate the Project shall be suspended or revoked; or

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

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

(ix) a petition shall be filed with a court having jurisdiction for an order directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the Institution which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days; or

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

(xi) a final judgment for the payment of money, at least one million dollars (\$1,000,000) of which is not covered by insurance or reserves set aside by the Institution, shall be rendered against the Institution and at any time after forty-five (45) days from the entry thereof, (A) such judgment shall not have been discharged or paid, or (B) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty-five (45) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

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

Upon the occurrence of an Event of Default the Issuer may take any one or more of the following actions:

- (i) declare all sums payable by the Institution under the Loan Agreement immediately due and payable;
- (ii) withhold any and all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Issuer's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;
- (iii) maintain an action against the Institution under the Loan Agreement to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement;

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

(v) take any action necessary to enable the Issuer to realize on its liens under the Loan Agreement or by law, and any other action or proceeding permitted by the terms of the Loan Agreement or by law.

All rights and remedies in the Loan Agreement given or granted to the Issuer are cumulative, non-exclusive and in addition to any and all rights and remedies that the Issuer may have or may be given by reason of any law, statute, ordinance or in equity or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Issuer's right to exercise such remedy thereafter, but any such right and power may be exercised from time to time and as may be deemed expedient.

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Issuer may annul any declaration made or action taken pursuant to the Loan Agreement and its consequences if such Event of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto. (*Section 9.1*)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds related thereto are Outstanding and until all other payments, expenses and fees payable thereunder by the Institution shall have been made or provision made for the payment thereof; provided, however, that certain liabilities and the obligations of the Institution to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to the Loan Agreement shall nevertheless survive any such termination. (*Section 10.1*)

Amendments to Loan Agreement

The Loan Agreement may be amended only in accordance with the Resolution and each amendment shall be made by an instrument in writing signed by the Institution and the Issuer, an executed counterpart of which shall be filed with the Trustee. *(Section 11.4)*

Further Assurances

The Institution, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues, and other moneys, securities, funds and security interests by the Loan Agreement or by the Resolution pledged, assigned or granted, or intended so to be, or which the Institution may after the date of the Loan Agreement become bound to pledge, assign or grant to the Issuer pursuant to the Loan Agreement. *(Section 11.7)*

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution pertaining to the Series 2025 Bonds and the Series 2025 Bonds. This summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. The headings below are not part of the Resolution but have been added for ease of reference only. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Issuer, the Trustee and the Holders from time to time of such Bonds, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Issuer shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds of that Series, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds of that Series over any other Bonds of that Series except as expressly provided in or permitted by the Resolution. (*Section 2.2*)

Pledge of Resolution

The proceeds from the sale of the Bonds of a Series, the Revenues derived from the Loan Agreement entered into in connection with the Bonds of such Series or from any realization upon any Collateral Security given in connection with the Loan Agreement, the Issuer's security interests in the Collateral Security and the applicable Series Resolution (other than the Unassigned Rights and subject to the provisions of any Intercreditor Agreement) and, except as otherwise provided in the Resolution, all funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds are pledged under the Resolution and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Bonds of such Series and as security for the performance of any other obligation of the Issuer under the Resolution and under the Series Resolution authorizing the issuance of such Series of Bonds, all in accordance with the provisions of the Resolution and the Series Resolution.

The pledges made by the Resolution are valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, all funds and accounts established by or pursuant to any Series Resolution which are pledged by the Resolution and the Issuer's security interests in the Collateral Security shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Issuer payable solely from and secured by a pledge of the proceeds from the sale of the Bonds of such Series, the Revenues, all the funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series which are pledged under the Resolution as provided therein and the Issuer's security interest in the Collateral Security pledged under the Resolution and provided therein.

The Bonds of each Series shall be separately secured one from another by the Loan Agreement entered into in connection with a particular Series of Bonds and the Revenues derived from the Loan Agreement and the Collateral Security given to secure the Institution's obligations under the Loan Agreement, and only the Bonds of the Series in connection with which the Loan Agreement was entered into shall be secured by the Loan Agreement except as otherwise expressly permitted by the Resolution or the Series Resolution or Certificate of Determination relating to such Series and by the terms of the Loan Agreement. (*Section 2.3*)

Assignment of Rights and Remedies to the Trustee

As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of a Series and for the performance of each other obligation of the Issuer under the Resolution and for the performance of each other obligation of the Institution thereunder, under the Resolution the Issuer grants, pledges and assigns to the Trustee, all of the Issuer's estate, right, title, interest and claim in, to and under (other than the Unassigned Rights and subject to the provisions of any Intercreditor Agreement) the Loan Agreement and the Collateral Security for the Loan Agreement, together with all rights, powers, security interests, privileges, options and other benefits of the Issuer under the Loan Agreement and Collateral Security, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Issuer under the Loan Agreement, including without limitation the right to declare the indebtedness under the Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon such Collateral Security, and the right to make all waivers and agreements in the name and on behalf of the Issuer, as Trustee for the benefit of the Bondholders, and to perform all other necessary and appropriate acts under the Loan Agreement. Such assignment shall be made by the execution and delivery to the Trustee of documents of assignment in form and substance reasonably acceptable to the Trustee. The Trustee shall accept such grant, pledge and assignment which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee in form and substance reasonably satisfactory to the Issuer.

Notwithstanding anything to the contrary in the Resolution or the Loan Agreement, the Issuer shall have no obligation to and instead the Trustee, in accordance with the Resolution or the Loan Agreement, shall have the right, without any direction from or action by the Issuer, to take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer under the Resolution and the Loan Agreement (other than the Issuer's Unassigned Rights), including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Institution under the Loan Agreement. (*Section 2.4*)

Additional Obligations

The Issuer reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Issuer, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as permitted by the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution, or prior or equal to the rights of the Issuer and Holders of Bonds as provided by the Resolution. (*Section 3.5*)

Authorization of Redemption

Bonds subject to redemption prior to maturity pursuant to the Resolution or to a Series Resolution or a Certificate of Determination shall be redeemable, in accordance with the Resolution, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Resolution or in the Series Resolution authorizing such Series or the applicable Certificate of Determination. (*Section 5.1*)

Optional Redemption

If permitted by the Series Resolution or Certificate of Determination relating to the Series of Bonds, the Issuer shall give written notice to the Trustee, and each applicable provider of a Credit Facility of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Issuer shall be determined by the Issuer in its sole discretion and in its request to the Trustee, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Certificate of Determination. Such notice shall be given to the Trustee, and each applicable provider of a Credit Facility at least forty-five (45) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that money for payment of the Redemption Price is available on the redemption date, such notice shall not be given unless prior to the date such notice is given Trustee then holds money for payment of the Redemption Price sufficient to redeem, on the redemption dates at the Redemption Price thereof,

together with interest accrued and unpaid thereon to the redemption date, all of the Bonds of such Series to be so redeemed. For purposes of determining the amount required to be paid pursuant to the preceding sentence when Variable Interest Rate Bonds are to be redeemed, the amount shall be determined in the manner established by the Series Resolution authorizing such Bonds or the Certificate of Determination applicable thereto. (*Section 5.2*)

Mandatory Sinking Fund Redemption

Whenever by the terms of the Resolution or the Series Resolution or the Certificate of Determination relating to Series of Bonds, the Trustee is required to redeem Bonds of a Series through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of such Series and maturities to be redeemed in the manner summarized in the following paragraph, give the notice of redemption and pay out of money available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Resolution. (*Section 5.3*)

Selection of Bonds to Be Redeemed

Unless otherwise provided in the Series Resolution authorizing the issuance of Bonds of a Series or the Certificate of Determination relating to such Bonds or, if the Bonds are book-entry bonds, the operational procedures of the Depository, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as summarized in this paragraph) which end in the same digit or in the same two digits. If in such a case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; **provided, however**, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected. (*Section 5.4*)

Notice of Redemption

Whenever Bonds of a Series are to be redeemed, the Trustee shall give notice of the redemption of such Bonds in the name of the Issuer which notice shall specify: (i) the Bonds to be redeemed which shall be identified in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) the principal amount of each Bond to be redeemed; (vi) that, except in the case of Book-Entry Bonds, such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (vii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (viii) if the Issuer's obligation to redeem the Bonds is subject to conditions, a statement that describes the conditions to such redemption. Any notice of redemption, other than a notice for special or extraordinary redemption provided for in a Series Resolution or Certificate of Determination, may state that the redemption is conditioned upon receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed or upon the satisfaction of any other condition, and that if such moneys are not received or if any such condition so specified is not satisfied, such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

Such notice shall further state that on such date there shall become due and payable upon each Bond of a Series to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice not less than twenty (20) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Certificate of Determination relating thereto, but in no event less than fifteen (15) days prior to the redemption date. Such notice shall be sent by mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books and to EMMA. Upon giving such notice, the Trustee shall promptly certify to the Issuer that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Resolution. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Resolution. The failure of any Holder of a Bond of a Series to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds. *(Section 5.5)*

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds of a Series or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bonds are surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be called for redemption less than all of the principal amount of a registered Bond of a Series, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, money for the redemption of all Bonds of a Series or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on such Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If money 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. *(Section 5.6)*

Purchase of Purchased Bonds

Whenever Bonds are to be purchased at the election of the Institution, written notice thereof and of the Bonds of the Series, and maturity to be so purchased having been given by the Institution to the Issuer, the Trustee, and each applicable provider of a Credit Facility, the Trustee shall select the particular Bonds of such Series, and maturity to be so purchased in the same manner as provided by the Resolution for the selection of Bonds to be redeemed in part. Promptly thereafter the Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in the Series Resolution authorizing such Bonds or the Certificate of Determination related thereto. The Trustee shall not give such notice unless prior to the date such notice is given, the Institution has caused to be delivered to the Trustee the written consent to such purchase of the Issuer and each applicable provider of a Credit Facility. All such purchases may be subject to conditions of the Issuer, the Trustee and any provider of a Credit Facility to the Institution's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required by the Series Resolution authorizing the Bonds to be so purchased or the Certificate of Determination relating thereto, then, if sufficient money to pay the purchase price of such Bonds is held by the Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase,

upon presentation and surrender of such Bonds (other than Book Entry Bonds) to be purchased at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. Payment of the purchase price of other than Book Entry Bonds shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be so purchased, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has prior to the purchase date directed in writing the Trustee to wire such purchase price. Bonds so purchased shall be considered to be Outstanding and each such Bond so purchased that is not a Book Entry Bond shall be registered in the name or at the direction of the Institution. (*Section 5.7*)

Establishment of Funds and Accounts

The following funds shall be established by the applicable Series Resolution in accordance with the Resolution, which funds shall be for the sole benefit of and solely secure the Series of Bonds authorized by such Series Resolution, as set forth in the Series Resolution:

Construction Fund, if any;
Debt Service Fund; and
Debt Service Reserve Fund, if any.

The Issuer is authorized in connection with the issuance of a Series of Bonds to establish such other funds, together with accounts and subaccounts established within such funds, in connection with such Series of Bonds as the Issuer or the Trustee deems proper, necessary or desirable. In addition to the funds and accounts required to be established by or pursuant to each Series Resolution, the Resolution establishes an Arbitrage Rebate Fund to be held by the Trustee as custodian for the Issuer, which fund is not pledged to the payment of any Bonds.

All money at any time deposited in any such fund, account or subaccount created and pledged by the Resolution shall be held in trust for the benefit of the Holders of the Outstanding Bonds secured thereby, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution or in the applicable Series Resolution. Notwithstanding the foregoing provisions and except as otherwise provided in the Series Resolution or Certificate of Determination relating to such Series of Bonds, (i) the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Certificate of Determination relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged for the payment of the purchase price of such Option Bonds, and (ii) any fund or account established by or pursuant to such Series Resolution for repayment of advances made under a Liquidity Facility for payment of the purchase price of Option Bonds, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds, and may be pledged to the provider of such Liquidity Facility. (*Section 6.1*)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of a Series of Bonds, the Trustee shall deposit in the Construction Fund established in connection with such Series of Bonds, if any, the amount required to be deposited therein pursuant to the Resolution. In addition, the Trustee shall deposit in such Construction Fund all amounts paid by the Institution which by the terms of the Loan Agreement executed in connection with such Series of Bonds are required to be deposited therein for the acquisition, construction, reconstruction, renovation or equipment of any Project, including the proceeds of any insurance of condemnation award to be so applied.

Except as otherwise provided in the Resolution and in any applicable Series Resolution or Certificate of Determination, money deposited in a Construction Fund shall be used only to pay the Costs of Issuance of the Series of Bonds in connection with which such Construction Fund was established and the Costs of the Project for which such Construction Fund was established.

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Issuer stating the names of the payees and the respective amounts of each such payment. Payments for the Costs of the Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Issuer, each substantiated by a certificate filed with the Issuer signed by an Authorized Officer of the Institution stating that amounts were incurred or expended on Costs of the Project, except that payments to pay interest on Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of the Issuer directing the Trustee to transfer such amount from the Construction Fund to the applicable Debt Service Fund.

Upon receipt by the Trustee of a certificate of completion signed by an Authorized Officer of the Institution in the form set forth in the Loan Agreement (which certificate shall not be required if no money is remaining in the Construction Fund), the money then remaining in the Construction Fund, after making provision in accordance with the direction of the Issuer for the payment of any Costs of Issuance and Costs of the Project then unpaid, shall be paid or applied by the Trustee as follows and in the following order of priority: first: upon the direction of an Authorized Officer of the Issuer, to the Arbitrage Rebate Fund, the amount set forth in such direction; second: to restore the Debt Service Reserve Fund (if any) to the Debt Service Reserve Requirement; and third: to the applicable Debt Service Fund, to be applied in accordance with the Resolution, any balance remaining. (*Section 6.3*)

Deposit and Allocation of Revenues

All Revenues and any other money required by any of the provisions of a Loan Agreement to be paid to the Trustee shall, upon receipt thereof, be deposited or paid by the Trustee to the applicable Debt Service Fund except for the following: (a) amounts paid to the Trustee for any of the following purposes: (i) to pay the Costs of Issuance of the Bonds, and other costs in connection with the issuance of the Bonds; (ii) to pay amounts required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds; and (iii) to pay the fees and expenses of the Trustee in connection with performance of its duties under the Resolution; and (b) amounts required to be paid by the Institution to the Trustee pursuant to any section of the Loan Agreement that specifically provides for the deposit of such payments into a fund, other than the Debt Service Fund, established under the Resolution or pursuant to the applicable Series Resolution or Certificate of Determination relating thereto. (*Section 6.4*)

Debt Service Fund

The Trustee shall pay out of the Debt Service Fund established in connection with Bonds of a Series, when due: (i) the interest due and payable on the Outstanding Bonds of such Series; (ii) the principal due and payable on the Outstanding Bonds of such Series; (iii) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on the Outstanding Bonds of such Series; and (iv) in connection with the optional redemption of Bonds of a Series pursuant to the Resolution and subject to the satisfaction of any conditions contained in the notice of redemption given pursuant to the Resolution, the Redemption Price, together with interest accrued and unpaid thereon, on the redemption date.

The Issuer may, at any time subsequent to October 1 (or such other date as provided in a Series Resolution or a Certificate of Determination with respect to a Series of Bonds) of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund established in connection with the Bonds of a Series at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of such Series and maturity to be redeemed from such Sinking Fund Installment. In addition, the Institution pursuant to a Loan Agreement may deliver, at any time subsequent to October 1 (or such other date as provided in a Series Resolution or a Certificate of Determination with respect to a Series of Bonds) of any Bond Year, but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, to the Trustee for cancellation one or more Term Bonds of such Series and maturity to be so redeemed on such date from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond so delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Issuer. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date; *provided, however*, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

The Trustee, after making all payments from the Debt Service Fund as provided in the Resolution, shall promptly notify the Issuer and the Institution of any balance of Revenues remaining in the Debt Service Fund on the first day of the next succeeding Bond Year. The balance, if any, of the Revenues then remaining shall be applied in the following order of priority: first, there shall be paid to the Issuer, unless otherwise paid, such amounts as are payable to the Issuer for: (i) all expenditures reasonably and necessarily incurred by the Issuer in connection with the financing of the applicable Project, including expenses incurred by the Issuer to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof, and (ii) any unpaid fees or other amounts payable to the Issuer under the Loan Agreement; but only upon receipt by the Trustee of a certificate signed by the Issuer, stating in reasonable detail the amounts payable to the Issuer as described in this paragraph; second, upon the direction of the Issuer, be paid by the Trustee to the Institution, in the respective amounts set forth in such direction. Any amounts paid to the Institution shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Series Resolution or the Loan Agreement; and third, be retained in the Debt Service Fund. (*Section 6.5*)

Arbitrage Rebate Fund

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

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Issuer to make payments to the Department of the Treasury of the United States of America at such times and in such amounts determined to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money in excess of the amount required to be so rebated shall be deposited to any fund or account established under the Resolution in accordance with the written direction of an Authorized Officer of the Issuer.

The amount which may be required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to each Series of Bonds shall be determined as provided in the Loan Agreement and the Issuer shall direct the Trustee to (i) transfer from any other of the funds and accounts held by the Trustee under the Resolution and deposit to the applicable Arbitrage Rebate Fund such amount as the Issuer shall have determined to be necessary in order to enable it to comply with its obligation to rebate money to the Department of the Treasury of the United States of America with respect to each Series of Bonds and (ii) if and to the extent required by the Code, pay out of such Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto. (*Section 6.6*)

Application of Money in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the money held in the Debt Service Fund established in connection with a Series of Bonds for the payment of the principal and Sinking Fund Installments of the Bonds of such Series, together with the money held in the Debt Service Reserve Fund established for such Bonds, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of such Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of such Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Issuer and the Institution. Upon receipt of such notice, the Issuer may advise the Institution that no further payments on account of principal and interest are due under the Loan Agreement and further (upon the receipt of written instructions from an Authorized Officer of the Institution) may (i) direct the Trustee to redeem all such Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Bonds in the manner provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of such Bonds at the maturity or redemption dates thereof in accordance therewith. (*Section 6.7*)

Transfer of Investments

Whenever money in any fund or account established under the Resolution is to be paid in accordance with the Resolution to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made; *provided, however*, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund. (*Section 6.8*)

Security for Deposits

The Trustee shall be continuously and fully secure all money held under the Resolution by it for the benefit of the Issuer and the Holders of the Bonds with Permitted Collateral having a market value equal to the amount of money secured thereby; *provided, however*, (a) that if the securing of such money is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee to give security for the deposit of any money with them pursuant to the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such money. The Trustee shall include in its monthly report provided pursuant to the Resolution a statement showing the amount of money held by the Trustee pursuant to the Resolution on the date of such report, the Permitted Collateral pledged by the Trustee to secure such amount and market value of such Permitted Collateral on the date of such report. (*Section 7.1*)

Investment of Funds and Accounts Held by the Trustee

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

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

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

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

The Issuer, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided therein. Except as provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in

order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Issuer and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of the Resolution. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

No part of the proceeds of any Series of Bonds or any other funds of the Issuer shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. (*Section 7.2*)

Liability for Investments

Neither the Issuer nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution, in the manner provided therein, for any depreciation in value of any such investment, or for any loss, direct or indirect, resulting from any such investment. (*Section 7.3*)

Payment of Principal and Interest

Solely and exclusively from the property pledged pursuant to the Resolution, the Issuer shall pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the dates and in the manner provided in the Bonds according to the true intent and meaning thereof. (*Section 8.1*)

Further Assurance

The Issuer, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, pledges and assignments created by the Resolution or made or intended to be created or made, or which the Issuer may become bound to pledge or assign. (*Section 8.4*)

Accounts and Reports

The Trustee, on behalf of the Issuer, shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to each Series of Bonds. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Trustee, shall be subject to inspection by the Institution, the Issuer or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Issuer, any provider of a Credit Facility and the Institution. Such report shall include at least: a statement of all funds (including investments thereof) held by the Trustee pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same. (*Section 8.5*)

Creation of Liens

Except as permitted by the Resolution or by or pursuant to a Series Resolution with respect to the Shared Collateral or the Revenues, the Issuer shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that securing the Bonds on the proceeds from the sale of the Bonds, the Revenues, the Issuer’s security interest in the Collateral Security and the funds and accounts established by the Resolution or pursuant to any Series Resolution; *provided, however*, that nothing contained in the Resolution shall prevent the Issuer from

issuing bonds, notes or other obligations or otherwise incurring indebtedness under another and separate resolution or otherwise so long as the charge or lien created by such resolution, except as permitted by the Resolution with respect to the Shared Collateral or the Revenues, is not prior or equal to the charge or lien created by the Resolution. (Section 8.6)

Enforcement of Duties and Obligations of the Institution; Obligations of the Issuer

The Issuer covenants that, at the written request of the Trustee, it shall take all legally available action to cause the Institution fully to perform all duties and acts and fully to comply with the covenants of the Institution required by the Loan Agreement in the manner and at the times provided in the Loan Agreement, provided that the Issuer shall be furnished with satisfactory security or indemnity for the reimbursement of all expenses and to protect it against all liability in connection with any such action. None of the provisions of the Resolution shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers thereunder, unless payable from the Revenues, or unless the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby.

The Loan Agreement sets forth covenants and obligations of the Issuer and the Institution, and reference is by the Resolution made to the same for a detailed statement of said covenants and obligations. Notwithstanding anything to the contrary in the Resolution or the Loan Agreement, the Issuer shall have no obligation to and instead the Trustee, in accordance with the Resolution, shall have the right, without further direction from or action by the Issuer, to take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer under the Resolution and the Loan Agreement (other than the Issuer's Unassigned Rights), including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Institution under the Loan Agreement. (Section 8.7)

Offices for Payment and Registration of Bonds

The Issuer shall at all times maintain an office or agency in the State where Bonds may be presented for payment, registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. (Section 8.9)

Amendment of Loan Agreement

The Loan Agreement may, without the consent of the Holders of Bonds, be amended, changed, modified, altered or supplemented for any one or more of the following purposes: (i) to add an additional covenant or agreement for the purpose of further securing the payment of the Institution's obligations under the Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the Institution contained in the Loan Agreement; (ii) to prescribe further limitations and restrictions upon the Institution's right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (iii) to surrender any right, power or privilege reserved to or conferred upon the Institution, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Institution contained in the Loan Agreement; (iv) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any Project, (v) to amend the description of any Project or to add an additional Project; to establish, amend or modify the Issuer Fee or the Annual Administrative Fee (each as defined in the Loan Agreement) payable by the Institution in connection with the Bonds of a Series; or (vi) with the prior written consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement or to amend, modify or waive any other provision of the Loan Agreement, provided that the same does not adversely affect the interests of the Bondholders in any material respect.

Notwithstanding the provisions of the preceding paragraph, the Loan Agreement relating to a Series of Bonds may not be amended, changed, modified, altered or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds of such Series if such amendment, change, modification, alteration, termination or waiver (i) reduces the amount of Revenues payable by the Institution under the Loan Agreement on

any date or delays the date on which payment is to be made, (ii) modifies the events which constitute Events of Default under the Loan Agreement, (iii) diminishes, limits or conditions the rights or remedies of the Issuer under the Loan Agreement upon the occurrence of an Event of Default thereunder, or (iv) adversely affects the rights of the Bondholders in any material respect.

No amendment, change, modification, alteration, termination or waiver described in the immediately preceding paragraph shall take effect unless the prior written consent of the Holders of at least a majority in principal amount of the Bonds then Outstanding of the affected Series; *provided, however*, that if such amendment, change, modification, alteration, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified maturity of such Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution.

Bonds owned or held by or for the account of the Issuer or the Institution shall not be deemed Outstanding for the purpose of consent, and neither the Issuer nor the Institution shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Trustee shall be provided with certificates of the Issuer and the Institution in accordance with the Resolution.

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

No amendment, change, modification or termination of a Loan Agreement, or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification, alteration or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel that any such amendment, change, modification, alteration or waiver complies with the provisions of the Resolution. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

For the purposes of the Resolution, a Series shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of a Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect, which determination shall be made without regard to the existence of any Credit Facility issued in connection with such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the Institution, the Issuer and all Holders of Bonds.

The Trustee shall be entitled to rely upon an opinion of counsel or an opinion or report of engineers, accountants or other experts, in each case reasonably satisfactory to the Trustee, with respect to whether any amendment, change, modification, alteration, termination or waiver adversely affects the interests of any Holders of Bonds then Outstanding in any material respect. (*Section 8.10*)

General

The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of Bonds, all conditions, acts and things required by the statutes of the State and by the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issuance of such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State. (*Section 8.11*)

Responsibilities of Trustee

The recitals of fact contained in the Resolution and in each Series Resolution and in the Bonds shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Resolution, of any Series Resolution or of any Bonds, or in respect of the security afforded by the Resolution or by each Series Resolution, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any money paid to the Issuer or others in accordance with the Resolution and with each Series Resolution except as to the application of any money paid to it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties under the Resolution and under each Series Resolution except for its own negligence or default.

The duties and obligations of the Trustee shall be determined by the express provisions of the Resolution and of each Series Resolution and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Resolution and in each Series Resolution. In case an Event of Default has occurred and has not been cured, the Trustee shall exercise such rights and powers vested in it in the Resolution and under each applicable Series Resolution, and use the same degree of care and skill in its exercise as a reasonable and prudent person would use, under the circumstances, in the conduct of his or her own affairs.

The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Resolution or by any Series Resolution. (*Section 9.2*)

Property Held in Trust

All money and securities conveyed to or held by the Trustee, except for amounts held in the Arbitrage Rebate Fund, at any time pursuant to the terms of the Resolution and of each Series Resolution shall be and are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of the Resolution and of the applicable Series Resolution.

The Trustee shall hold all money in the Arbitrage Rebate Fund as the agent of the Issuer and shall not disburse amounts therefrom except pursuant to the written instructions of an Authorized Officer of the Issuer. (*Section 9.3*)

Evidence on which the Trustee May Act

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution and under any Series Resolution, such matter (unless other evidence in respect thereof be specifically prescribed by the Resolution) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer of the Issuer or, with the permission of the an Authorized Officer of Issuer, signed by an Authorized Officer of the Institution. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution and of the Series Resolution upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided

in the Resolution and in each Series Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of the Resolution and of any Series Resolution by the Issuer to the Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer. (*Section 9.4*)

Compensation

Unless otherwise provided by contract with the Trustee, the Institution, as provided in a Loan Agreement, shall pay to the Trustee, from time to time, reasonable compensation for all services rendered by it under the Resolution and under the applicable Series Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution and under the applicable Series Resolution. The Trustee shall be entitled to receive and collect such compensation from the Institution as provided in the Loan Agreement and, upon the occurrence of an Event of Default and except as otherwise set forth in a Series Resolution or Certificate of Determination, shall have a lien therefor on any and all funds at any time held by it under the Resolution and under the applicable Series Resolution (other than the Arbitrage Rebate Fund and any fund or account established for the payment of the principal or Redemption Price of or interest on Option Bonds or the purchase price of Option Bonds tendered for purchase) prior to any of the Bonds for which such services have been rendered; provided, however, that the Trustee shall not be entitled to compensation for any expenses, charges, counsel fees or other disbursements incurred in connection with or incident to its resignation or removal as provided in the Resolution. The Institution shall, pursuant to its obligations under the Loan Agreement, indemnify and save the Trustee harmless against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties under the Resolution and under the Applicable Series Resolution and which are not due to the Trustee's negligence or default. None of the provisions contained in the Resolution or in any Series Resolution shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it. The Trustee shall not be required to take any action pursuant to the Resolution unless and until it shall have been indemnified and saved harmless against any liabilities and all reasonable expenses, charges, counsel fees and other disbursements, including those of the Trustee's attorneys, agents and employees, incurred in connection with or as a result of taking such action. (*Section 9.5*)

Permitted Acts

The Trustee may become the owner of or may deal in Bonds as fully and with the same rights as if it were not such Trustee. The Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Issuer or any committee formed to protect the rights of Holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Resolution or of the Bonds or any Series Resolution whether or not such committee shall represent the Holders of a majority in principal amount of the Outstanding Bonds in respect of which any such action is taken. (*Section 9.6*)

Resignation of Trustee

The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations under the Resolution and under each Series Resolution by giving not less than sixty (60) days written notice to the Issuer, any provider of a Credit Facility or Enhancement and the Institution, which notice shall specify the date when such resignation shall take effect, and, unless otherwise provided in the Resolution, mail to the registered owners of the Bonds a copy of such notice, by first class mail, postage prepaid, at their last known addresses, if any, appearing on the registration books of the Issuer. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as provided in the Resolution, in which event such resignation shall take effect immediately on the appointment of such successor; *provided, however*, that such resignation shall not take effect until a successor Trustee has been appointed and has accepted such appointment pursuant to the Resolution. (*Section 9.7*)

Removal of Trustee

The Trustee, or any successor thereof, may be removed at any time by the Holders of a majority in principal amount of the Outstanding Bonds, excluding any Bonds held by or for the account of the Issuer or the Institution, by

an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to the Issuer. The Trustee, or any successor thereof, may also be removed at any time for cause or any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions of the Resolution or of any Series Resolution with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon application by the Issuer, or the Holders of not less than twenty per centum (20%) in aggregate principal amount of Bonds then Outstanding, excluding any Bonds held by or for the account of the Issuer or the Institution. The Trustee may also be removed at any time, other than during the continuance of an event of default under the Resolution, by the Issuer, by an instrument in writing signed and acknowledged by the Issuer. No removal of the Trustee under the Resolution shall take effect until a successor Trustee has been appointed. A copy of each instrument or order providing for the removal of the Trustee, or any successor thereof, shall be delivered by the Issuer to the Trustee, each provider of a Credit Facility or Enhancement or such successor thereof and the Institution. (*Section 9.8*)

Successor Trustee

In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the Issuer shall forthwith appoint a Trustee, with written notice to any Rating Service(s) rating the Bonds then Outstanding, to act as Trustee. Copies of any resolution or other instrument of the Issuer providing for any such appointment shall be delivered by the Issuer to the Trustee so appointed, the predecessor Trustee, any provider of a Credit Facility or Enhancement and the Institution. The successor Trustee shall: (a) give notice of any such appointment not later than thirty (30) days after such appointment to the registered owner of the Bonds; and (b) submit the notice of its appointment to EMMA.

If in a proper case no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with the Resolution or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor appointed under the provisions of the Resolution shall be a bank located in the State having trust powers or a trust company organized under the laws of the State or national banking association having trust powers located in the State having a capital and surplus aggregating at least \$100,000,000, if there be such a bank having trust powers or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by the Resolution and by each Series Resolution. (*Section 9.9*)

Transfer of Rights and Property to Successor Trustee

Any successor appointed under the provisions of the Resolution shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of its predecessor under the Resolution and under each Series Resolution, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request by the Issuer or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to such successor any money or other properties subject to the trusts and conditions set forth therein. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor for more fully and certainly vesting in and confirming to it any such money, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. (*Section 9.10*)

Merger or Consolidation of the Trustee

Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Trustee may

sell or transfer any portion of its corporate trust business, provided such company shall be a bank having trust powers or trust company or national banking association qualified to be a successor to such Trustee under the provisions of the Resolution, shall be the successor to such Trustee, without any further act, deed or conveyance, with respect to the corporate trust business so transferred. (*Section 9.11*)

Modification and Amendment without Consent

The Issuer may, without the consent of Bondholders and, except in the case of subparagraph (h) below, without the consent of the Trustee, adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes:

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (b) To add additional covenants and agreements of the Issuer for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Issuer which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (d) To surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;
- (e) To confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other money, securities or funds;
- (f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions;
- (g) To modify or amend a Project; or
- (h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders of a Series in any material respect. (*Section 10.1*)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution and of a Series Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders of the applicable Series in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Issuer. (*Section 10.2*)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution or a Series Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution shall affect or limit the rights or obligations of the Issuer to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions thereof or the right or obligation of the Issuer to execute and deliver to the Trustee any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee.

A copy of every Series Resolution and Supplemental Resolution adopted by the Issuer, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted thereby and is valid and binding upon the Issuer and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Series Resolution or Supplemental Resolution to the Institution and with respect to any Series Resolution or Supplemental Resolution relating to a Series of Bonds secured by a Credit Facility, providing a written copy thereof to the provider of such Credit Facility.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee. (*Section 10.3*)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Holders of the Bonds under the Resolution or of any Series Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as in the Resolution after provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds of a Series Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the Resolution section summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of a particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Issuer and all Holders of Bonds of such Series. The Trustee shall be entitled to rely upon an opinion of counsel or an opinion or report of engineers, accountants or other experts, in each case reasonably satisfactory to the Trustee, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective. (*Section 11.1*)

Consent of Bondholders

The Issuer may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the immediately preceding paragraph to take effect when and as provided in the Resolution. A certified copy of such Supplemental Resolution shall be filed with the Trustee and a notice of such adoption, including the Supplemental Resolution and a statement that such Supplemental Resolution shall not take effect until the required percentages of Bondholders have consented thereto, shall be submitted to

EMMA. A copy of such Supplemental Resolution shall, upon receipt of a written request therefor, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same. At the option of the Issuer, a copy of such Supplemental Resolution, together with a request to the Bondholders of a Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, may, unless otherwise provided in the Resolution, be mailed by the Trustee to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to).

Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Issuer in accordance with the provisions thereof, is authorized or permitted thereby, and is valid and binding upon the Issuer and enforceable in accordance with its terms, and (ii) a notice shall have been given in accordance with the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Issuer and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Resolution, shall be given to: (1) the Bondholders by the Trustee in accordance with the provisions of the Resolution; and (2) by filing a copy of such notice with EMMA. The Trustee shall prepare a certificate as proof of the giving of such notice as required by the Resolution. A transcript, consisting of the papers required or permitted by the Resolution to be filed with or prepared by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee, and the Holders of all Bonds upon the Trustee's execution of the certificate of proof of the giving of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution is rendered in a legal action or equitable proceeding for such purpose commenced within the thirty (30) day period beginning on the date of the Trustee's execution of the proof of giving such notice; **provided, however**, that the Issuer and the Trustee during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of the Resolution, the purchasers of the Bonds of a Series, including those purchasing as underwriters, placement agent or remarketing agent, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Resolution in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; **provided, however**, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale or as a placement agent, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document (or if there is no such offering document, the purchase or placement agreement, if any) prepared in connection with the primary offering, reoffering, resale or private placement of the Bonds of such Series by the Issuer. (*Section 11.2*)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Issuer of

a copy of a Supplemental Resolution certified by an Authorized Officer of the Issuer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders shall be required. (*Section 11.3*)

Trustee to Exercise Powers of Statutory Trustee

The Trustee shall be vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 1686 of the Act which are not inconsistent with the provisions of the Resolution and the right of Bondholders to appoint a trustee pursuant to Section 1686 of the Act is by the Resolution abrogated in accordance with the provisions of subdivision 4(g) of Section 1682 of the Act. (*Section 12.1*)

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an “event of default”) if with respect to the Bonds of a Series to which the Series Resolution relates:

- (a) Payment of the principal, Sinking Fund Installments or Redemption Price of any Bond of such Series shall not be made by the Issuer when the same shall otherwise become due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) Payment of an installment of interest on any Bond of such Series shall not be made by the Issuer when the same shall become due and payable; or
- (c) A Determination of Taxability shall have occurred and be continuing; or
- (d) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds of such Series or in any Series Resolution on the part of the Issuer to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or if such default is not capable of being cured within thirty (30) days, if the Issuer fails to commence within said thirty (30) days and diligently prosecute the cure thereof; or
- (e) An “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled. (*Section 12.2*)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default described in paragraph (c) above, then and in every such case the Trustee may, and, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series, shall, by a notice in writing to the Issuer and each Rating Service(s) then rating the Outstanding Bonds of such Series, declare the principal of and interest on all of the Outstanding Bonds of such Series to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest on all of the Outstanding Bonds of such Series shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of such Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds of such Series not then due by their terms and then Outstanding, by written notice to the Issuer, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have

accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Issuer under the Resolution and under the Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in the Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the Resolution) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon. (*Section 12.3*)

Enforcement of Remedies

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

In the enforcement of any remedy under the Resolution and under a Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Issuer for principal or interest or otherwise under any of the provisions of the Resolution or of a Series Resolution or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under a Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Issuer but solely as provided in the Resolution, in a Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable. (*Section 12.4*)

PART 2 — Priority of Payments After Default

If at any time the money held by the Trustee under the Resolution and under each Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds of the applicable Series as the same become due and payable (either by their terms or by acceleration of maturity), such money together with any money then available or thereafter becoming available for such purpose, whether through exercise of the remedies, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying all amounts owing to the Trustee hereunder) as follows:

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall

not be sufficient to pay in full all amounts due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the principal of all of the Bonds of the applicable Series has become or been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in the Bonds. (*Section 12.5*)

Bondholders' Direction of Proceeding

The Holders of a majority in principal amount of the Outstanding Bonds of a Series shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under each Series Resolution, provided such direction shall be in accordance with law and the provisions of the Resolution and of each Series Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction. (*Section 12.7*)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy hereunder unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy hereunder and in equity or at law. It is understood and intended that no one or more Holders of the Bonds of a Series secured by the Resolution and by a Series Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or thereof or to enforce any right hereunder or thereunder except in the manner in the Resolution and therein provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder. (*Section 12.8*)

Remedies Not Exclusive

No remedy conferred in the Resolution upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute. (*Section 12.10*)

Waiver and Non-Waiver of Default

No delay or omission of the Trustee or any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by the Resolution to the Trustee and the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient. (Section 12.11)

Notice of Event of Default

The Trustee shall give notice of each event of default hereunder known to the Trustee to the Institution and to any provider of a Credit Facility (if any), within five (5) days after knowledge of the occurrence thereof and to the Holders of Bonds within thirty (30) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; *provided, however*, that, except in the case of default in the payment of the principal, Sinking Fund Installments or Redemption Price of, or interest on, any of the Bonds, the Trustee shall be protected in withholding notice thereof to the Holders of Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds. Each such notice of event of default shall be given by the Trustee (i) to Bondholders in accordance with the provisions of the Resolution; (ii) by giving written notice thereof to any provider of a Credit Facility (if any) and to such other persons as is required by law; and (iii) by filing a copy of such notice with EMMA. (Section 12.12)

PART 3 — Defeasance

(a) If the Issuer shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Certificate of Determination, then the pledge of the Revenues or other money and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Issuer, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Issuer, and all money or securities held by it pursuant hereto and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Issuer; and second, to the Issuer the amount certified by an Authorized Officer of the Issuer to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Issuer or pursuant to any indemnity; and, then, the balance thereof to the Institution. Such money and securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(b) Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subdivision (a) above. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) if:

(i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds;

(ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities purchased with money, the principal of and interest on which when due will provide money which, together with cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be;

(iii) the Issuer shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds in accordance with the provisions of the Resolution that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; and

(iv) the Trustee shall have received a Verification Report or other documentation reasonably acceptable to each of the Trustee and the Issuer as to the sufficiency of the Defeasance Securities on deposit in accordance with the provisions described in this paragraph (b).

The Trustee shall give written notice to each Rating Service then rating said Bonds of the Issuer's selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to the defeasance provisions nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date of the Resolution, as the case may be; **provided, further**, that money and Defeasance Securities may be withdrawn and used by the Issuer for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a Verification Report or other documentation reasonably acceptable to each of the Trustee and the Issuer as to the sufficiency of the Defeasance Securities being substituted. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Issuer; and second to the Issuer the amount certified by an Authorized Officer of the Issuer to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Issuer or pursuant to any indemnity; and, then, the balance thereof to the Institution. Such money and securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(c) For the purpose of determining whether an Option Bonds shall be deemed to have been paid in accordance with the defeasance provisions, there shall be deposited with the Trustee cash or Defeasance Securities in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; **provided, however**, that if, at the time a deposit is made with the Trustee pursuant to paragraph (b) above, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (c). If any portion of the cash or Defeasance Securities deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Issuer, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Issuer; second, to the Issuer the amount certified by an Authorized Officer of the Issuer to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Issuer or pursuant to any indemnity; and, then, the balance thereof to the Institution. Such cash or Defeasance Securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(d) For the purpose of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, in accordance with paragraph (b), such determination shall be made in accordance with the provisions of the Series Resolution or the Certificate of Determination relating to such Series of Bonds. (*Section 13.1*)

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FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

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FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

Upon delivery of the Series 2025 Bonds, Hodgson Russ LLP, Albany, New York and Pearlman & Miranda, LLC, New York, New York, Co-Bond Counsel, propose to issue their approving opinions as to the Series 2025 Bonds in substantially the following form:

[CLOSING DATE]

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

Re: \$_____ Dormitory Authority of the State of New York
Shelter Island Public Library Society Revenue Bonds, Series 2025

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Dormitory Authority of the State of New York (“DASNY”) in connection with the issuance by DASNY of \$_____ aggregate principal amount of its Shelter Island Public Library Society Revenue Bonds, Series 2025 (the “Series 2025 Bonds”). DASNY is a body corporate and politic of the State of New York (the “State”) constituting a public benefit corporation organized and existing under the laws of the State, including the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Titles 4 and 4-B of Article 8 of the New York Public Authorities Law), as amended from time to time to the date hereof (hereinafter collectively referred to as the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2025 Bonds are issued under and pursuant to the Act and DASNY’s Shelter Island Public Library Society Revenue Bond Resolution adopted on January 15, 2025 (the “General Resolution”), the Series Resolution Authorizing Up To \$9,500,000 Shelter Island Public Library Society Revenue Bonds, Series 2025 adopted on January 15, 2025 (the “Series 2025 Resolution”) and the Certificate of Determination designating and setting forth the terms of the Series 2025 Bonds (the “Series 2025 Certificate of Determination” and, together with the General Resolution and the Series 2025 Resolution, the “Resolutions”). The Series 2025 Bonds are being issued for the purposes set forth in the Resolutions. Capitalized terms used herein and not defined shall have the meanings set forth in the Resolutions.

DASNY has entered into a Loan Agreement with Shelter Island Public Library Society (the “Library”) dated as of January 15, 2025 (the “Loan Agreement”), providing, among other things, for a loan to the Library for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the Library is required to make payments sufficient to pay the principal, sinking fund installments, if any, and redemption price, if applicable, of and interest on the Series 2025 Bonds as the same become due, which payments have been pledged by DASNY to U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), for the benefit of the holders of the Series 2025 Bonds. DASNY, the Library and the Trustee have also entered into a Tax Certificate and Compliance Agreement dated as of the date hereof relating to the Series 2025 Bonds (the “Tax Certificate and Agreement”).

The Series 2025 Bonds are dated their date of delivery, mature in the years and in the respective principal amounts, and bear interest on the dates and at the respective rates per annum as set forth in the Resolutions.

The Series 2025 Bonds are to be issued in fully registered form in denominations of \$5,000 at maturity or any integral multiple thereof. The Series 2025 Bonds are payable, subject to redemption prior to maturity, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions.

In rendering the opinions expressed herein, we have reviewed the Act, the Resolutions, the Loan Agreement, the Tax Certificate and Agreement, opinions of counsel to DASNY, the Trustee and the Library, certificates of DASNY, the Trustee, the Library and others, and such other documents, opinions and matters to the extent we deemed

necessary to render the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us and the accuracy of the factual matters represented, warranted or certified therein. In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Library, and have assumed the due authorization, execution and delivery of the Loan Agreement by the Library.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Series 2025 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than DASNY. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Tax Certificate and Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes.

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.

DASNY has covenanted in the Resolutions and the Library has covenanted in the Loan Agreement to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), in order to maintain the exclusion of the interest on the Series 2025 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, DASNY and the Library have made certain representations, certifications and covenants in the Tax Certificate and Agreement relating to the Series 2025 Bonds. Co-Bond Counsel will not independently verify the accuracy of those representations and certifications. The opinions set forth in paragraphs 6 and 7 below assume, among other matters, the accuracy of certain representations and certifications made by DASNY and the Library described above and compliance with the aforementioned covenants and the requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes, including covenants and requirements regarding use, expenditure of proceeds and timely payment of certain investment earnings to the United States Treasury. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2025 Bonds.

Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2025 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. DASNY has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State.

2. The Series 2025 Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of DASNY enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions, and will be entitled to the benefit of the Resolutions and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, DASNY. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2025 Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Series 2025 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions (except the Arbitrage Rebate Fund), subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Loan Agreement has been duly executed and delivered by DASNY and, assuming due execution and delivery thereof by the Library, constitutes the valid and binding agreement of DASNY in accordance with its terms.

5. The Series 2025 Bonds are not a lien or charge upon the funds or property of DASNY except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2025 Bonds. The Series 2025 Bonds are not a debt of the State of New York, and the State of New York is not liable for the payment thereof.

6. Interest on the Series 2025 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; provided, however, that (i) the Library or another person, by failing to comply with certain requirements contained in the Code, may cause interest on the Series 2025 Bonds to become subject to federal income taxation and certain other taxes from the date of issuance thereof, (ii) interest on the Series 2025 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 (iii) interest on the Series 2025 Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

7. Interest on the Series 2025 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York and the City of Yonkers).

Except as stated in paragraphs 6 and 7 above, we express no opinion regarding any federal, state or local tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025 Bonds. Further, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2025 Bonds, or the interest thereon, if any action is taken with respect to the Series 2025 Bonds or the proceeds thereof upon the advice or approval of other counsel. We render no opinion as to the exclusion from gross income of interest on the Series 2025 Bonds for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions, the Loan Agreement, the Tax Certificate and Agreement or under any other relevant documents without the advice or approval of Co-Bond Counsel, or upon the advice or approval of other counsel. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2025 Bonds may affect the tax status of interest on the Series 2025 Bonds. Further, although the interest is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2025 Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Series 2025 Bond and such holder’s other items of income, deduction or credit. We express no opinion with respect to any such effect.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in

the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than DASNY, and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the Library delivered in connection with this matter.

In rendering those opinions with respect to treatment of the interest on the Series 2025 Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of DASNY and the Library. Failure to comply with certain of those covenants subsequent to issuance of the Series 2025 Bonds may cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Series 2025 Bonds, the Resolutions or the Loan Agreement.

The opinions contained in paragraphs 2 through 4 above are qualified to the extent that the enforceability of the Resolutions, the Series 2025 Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as Co-Bond Counsel with respect to the Series 2025 Bonds has concluded on this date.

Very truly yours,

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

The Library will enter into a written agreement (the “Continuing Disclosure Agreement”) with Digital Assurance Certification L.L.C. (“DAC”), as disclosure dissemination agent, and the Trustee. The Continuing Disclosure Agreement shall be in substantially the following form.

AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
SHELTER ISLAND PUBLIC LIBRARY SOCIETY REVENUE BONDS,
SERIES 2025**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of [____], 2025 is executed and delivered by Shelter Island Public Library Society (the “Obligated Person”), U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended (the “Act”). DAC is not obligated hereunder to provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to

the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” means a (i) a 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) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access (“EMMA”) System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means U.S. Bank Trust Company, National Association and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than six (6) months after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending December 31, 2024, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its EMMA for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, provided further, however, that the unaudited financial statements shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the United States Securities Exchange Act of 1934, as amended, and Rule 17(a)(2) of the United States Securities Act of 1933, as amended. or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-Payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, Internal Revenue Service notices or events affecting the tax-exempt status of the securities;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material, and tender offers;
 - 9. Defeasances;
 - 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 - 11. Ratings changes;
 - 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
 - 13. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, 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;
 - 14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
 - 15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation reflecting financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”
 8. “litigation/enforcement action;”
 9. “change of tender agent, remarketing agent, or other on-going party;”
 10. “derivative or other similar transaction;” and
 11. “other event-based disclosures;”
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
 2. “change in fiscal year/timing of annual disclosure;”
 3. “change in accounting standard;”
 4. “interim/additional financial information/operating data;”
 5. “budget;”
 6. “investment/debt/financial policy;”

7. “information provided to rating agency, credit/liquidity provider or other third party;”
 8. “consultant reports;” and
 9. “other financial/operating data;” and
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

(a) Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Official Statement for the Bonds as described in “PART 4—THE LIBRARY” relating to: *revenues and expenses*, similar to that set forth under the headings “Annual Financial Information” and “Operational Data”; together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the United States Securities and Exchange Commission or are available from the MSRB’s website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modifications to rights of the security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, 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 Obligated Person.

13. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon

actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) of this Section 4 and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two (2) business days of receipt of such notice (but in any event not later than the tenth (10th) business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such

Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty (30) days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty (30) days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this

Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

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

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY 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 ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under Section 4 hereof. The Issuer (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the United States Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the United States Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

SHELTER ISLAND PUBLIC LIBRARY SOCIETY,
Obligated Person

By: _____
Name: _____
Title: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): Shelter Island Public Library Society
Name of Bond Issue: Shelter Island Public Library Society Revenue Bonds, Series 2025
Date of Issuance: [____], 2025
Date of Official Statement: [____], 2025

Maturity

CUSIP No.

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): Shelter Island Public Library Society
Name of Bond Issue: Shelter Island Public Library Society Revenue Bonds, Series 2025
Date of Issuance: [____], 2025

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of _____, by and among the Obligated Person, U.S. Bank Trust Company, National Association, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Obligated Person

cc: Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

- 1. _____ "Principal and interest payment delinquencies;"
- 2. _____ "Non-Payment related defaults, if material;"
- 3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
- 4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
- 5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
- 6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
- 7. _____ "Modifications to rights of securities holders, if material;"
- 8. _____ "Bond calls, if material, and tender offers;"
- 9. _____ "Defeasances;"
- 10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
- 11. _____ "Rating changes;"
- 12. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
- 13. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
- 14. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
- 15. _____ "Incurrence of a Financial Obligation of the obligated person, if material;" and
- 16. _____ "Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person reflecting financial difficulties."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary event disclosure” will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of [____], 2025 by and among the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

- 1. _____ “amendment to continuing disclosure undertaking;”
- 2. _____ “change in obligated person;”
- 3. _____ “notice to investors pursuant to bond documents;”
- 4. _____ “certain communications from the Internal Revenue Service;”
- 5. _____ “secondary market purchases;”
- 6. _____ “bid for auction rate or other securities;”
- 7. _____ “capital or other financing plan;”
- 8. _____ “litigation/enforcement action;”
- 9. _____ “change of tender agent, remarketing agent, or other on-going party;”
- 10. _____ “derivative or other similar transaction;” and
- 11. _____ “other event-based disclosures.”

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of [____], 2025 by and among the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

- 1. _____ “quarterly/monthly financial information;”
- 2. _____ “change in fiscal year/timing of annual disclosure;”
- 3. _____ “change in accounting standard;”
- 4. _____ “interim/additional financial information/operating data;”
- 5. _____ “budget;”
- 6. _____ “investment/debt/financial policy;”
- 7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
- 8. _____ “consultant reports;” and
- 9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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