

CLOSING ITEM NO.: A-4

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ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

LA SALLE SCHOOL

AND

THE TROY SAVINGS BANK

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BOND PURCHASE AND BUILDING LOAN AGREEMENT

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DATED AS OF DECEMBER 1, 2001

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RELATING TO THE TAX-EXEMPT CIVIC FACILITY  
REVENUE BOND (LA SALLE SCHOOL PROJECT), SERIES  
2002A IN THE PRINCIPAL AMOUNT OF \$3,500,000 OF  
ALBANY COUNTY INDUSTRIAL DEVELOPMENT  
AGENCY.

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THIS BOND PURCHASE AND BUILDING LOAN  
AGREEMENT TO THE EXTENT THAT IT PERTAINS TO  
THE IMPROVEMENT OF REAL PROPERTY, IS INTENDED  
TO FUNCTION AS A "BUILDING LOAN CONTRACT" AS  
DEFINED IN SECTION 2(13) OF THE LIEN LAW OF THE  
STATE OF NEW YORK.



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and is for convenience of reference only.)

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## BOND PURCHASE AGREEMENT

THIS BOND PURCHASE AND BUILDING LOAN AGREEMENT dated as of December 1, 2002 (the "Bond Purchase Agreement") by and among ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having an office for the transaction of business located at 112 State Street, Room 1116, Albany, New York 12207 (the "Issuer"), THE TROY SAVINGS BANK, a banking corporation organized and existing under the laws of the State of New York having an office for the transaction of business located at Hedley Park Place, 433 River Street, Troy, New York 12180, as disbursing agent (the "Disbursing Agent") and as holder (the "Holder") of the Issuer's Tax-Exempt Civic Facility Revenue Bond (La Salle School Project), Series 2002A in the principal amount of \$3,500,000 (the "Bond"), and LA SALLE SCHOOL, a not-for-profit corporation organized and existing under the laws of the State of New York having an office for the transaction of business located at 391 Western Avenue, Albany, New York (the "Institution");

### WITNESSETH:

WHEREAS, Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "Enabling Act") was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York; and

WHEREAS, the Enabling Act authorizes and provides for the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State of New York (the "State") and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and dispose of land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic facility purposes, in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease or sell any or all of its facilities and to issue its bonds for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to mortgage and pledge any or all of its facilities, whether then owned or thereafter acquired, and to pledge the revenues and receipts from the lease or sale thereof to secure the payment of such bonds and interest thereon; and

WHEREAS, the Issuer was created, pursuant to and in accordance with the provisions of the Enabling Act, by Chapter 178 of the Laws of 1975 of the State, as amended (collectively, with the Enabling Act, the "Act") and is empowered under the Act to undertake the Project (as hereinafter defined) in order to so advance the job opportunities, health, general prosperity and economic welfare of the people of the State and improve their standard of living; and

WHEREAS, the Issuer, by resolution adopted on September 4, 2002 (the "Preliminary Inducement Resolution"), determined to issue its revenue bonds for the purpose of financing a portion of the cost of a project (the "Initial Project") consisting of (A) (1) the acquisition of an interest in a parcel of real estate containing approximately 6.13 acres located at 391 Western Avenue in the City of Albany, Albany County, New York (the "Land"), together with the existing buildings described as follows located on the Land: (a) the Tower Building containing approximately 18,200 square feet of space, (b) the Burke Building containing approximately 16,000 square feet of space, and (c) the Administration Building containing approximately 11,100 square feet of space (collectively, the "Facility"), (2) the reconstruction of the Facility, (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment being collectively referred to as the "Project Facility"), and (4) the refinancing of certain existing indebtedness incurred by the Institution in connection with the acquisition, construction, reconstruction, renovation and equipping of various portions of the improvements located on the Land, all of the foregoing to constitute a facility to be owned and operated by the Institution as an educational facility and for directly and indirectly related uses; (B) the financing of all or a portion of the costs of the foregoing by the issuance of the Bond; (C) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from sales taxes, real estate transfer taxes and mortgage recording taxes (collectively with the Bond, the "Financial Assistance"); and (D) the sale of the Initial Project Facility to La Salle School, an education corporation (the "Institution"); and

WHEREAS, pursuant to the authorization contained in the Preliminary Inducement Resolution, the Chairman of the Issuer (A) caused notice of a public hearing of the Issuer pursuant to Section 859-a of the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to hear all persons interested in the Initial Project and the financial assistance being contemplated by the Issuer with respect to the Initial Project (the "Public Hearing") to be mailed to the chief executive officer of the county and of each city, town, village and school district in which the Initial Project is to be located on September 12, 2002, (B) caused notice of the Public Hearing to be posted on September 12, 2002 on a bulletin board located on the first floor of 112 State Street in the City of Albany, Albany County, New York, and on a bulletin board in the Albany County Courthouse located in the City of Albany, Albany County, New York, (C) caused notice of the Public Hearing to be published on September 16, 2002 in the Albany Times Union, a newspaper of general circulation available to residents of the City of Albany, (D) conducted the Public Hearing on October 17, 2002 at 4:30 o'clock p.m., local time in the George E. Hanner Chapel/Cultural Center of the Institution located at 391 Western Avenue in the City of Albany, Albany County, New York, and (E) prepared a report of the Public Hearing (the "Report") which fairly summarized the views presented at said public hearing and distributed same to the members of the Issuer and to the County Executive of Albany County, New York; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act") and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), by resolution adopted by



the members of the Issuer on November 6, 2002 (the "SEQR Resolution"), the Issuer (A) determined that the Initial Project constituted a "Type II action" under SEQRA, (B) determined that the Initial Project will not have a "significant effect on the environment" and therefore that an environmental impact statement is not required to be prepared with respect to the Project and (C) authorized the issuance of a "negative declaration" with respect to the Project (as said quoted terms are used in SEQRA); and

WHEREAS, by resolution adopted by the members of the Issuer on November 6, 2002 (the "Final Inducement Resolution"), the Issuer determined, following a review of the Report, to proceed with the Project; and

WHEREAS, by certificate executed by the County Executive on October 25, 2002 (the "Public Approval"), the County Executive approved the issuance of the Bond by the Issuer for the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, by resolution adopted by members of the Issuer on December 4, 2002 (the "Bond Resolution"), the Issuer determined to (A) issue a bond in the principal amount of \$3,500,000 (the "Bond"), (B) to grant the balance of the Financial Assistance and (C) to enter into various documents related to the issuance of the Bond (the "Financing Documents", including an installment sale agreement dated as of December 1, 2002 (the "Installment Sale Agreement") between the Issuer and the Institution, pursuant to which Installment Sale Agreement, (1) the Institution will agree (a) to cause the Project (defined below) to be undertaken and completed, (b) as agent of the Issuer, to undertake and complete the Project (defined below), (c) to purchase the Project Facility (defined below) from the Issuer, and (d) to make certain installment purchase payments to or upon the order of the Issuer as the purchase price for the Project Facility (defined below) and (2) the Issuer will agree to sell the Project Facility (defined below) to the Institution; and

WHEREAS, the Bond is to be issued under the Bond Resolution and a bond purchase and building loan agreement dated as of December 1, 2002 (the "Bond Purchase Agreement") by and among the Issuer, the Institution and The Troy Savings Bank, as original purchaser of the Bond (the "Holder") and as disbursing agent in connection therewith (the "Disbursing Agent"). Pursuant to the Bond Purchase Agreement, the Disbursing Agent will disburse the proceeds of the Bond to the Institution from time to time to pay the costs of the Project, but only upon satisfaction of the requirements set forth in the Installment Sale Agreement and the Bond Purchase Agreement for making such disbursements; and

WHEREAS, simultaneously with the issuance of the Bond, the Institution will execute and deliver (A) a lease to issuer dated as of December 1, 2002 (the "Underlying Lease") by and between the Institution, as landlord and the Issuer, as tenant, pursuant to which the Institution has granted the Issuer a leasehold interest in the Project Facility for the purpose of undertaking and completing the Project, and (B) a bill of sale dated as of December 1, 2002 (the "Bill of Sale to Issuer") from the Institution to the Issuer, pursuant to which the Institution will convey to the

Issuer its interest in the portion of the Project Facility constituting fixtures and other personal property; and

WHEREAS, to secure the Bond, the Issuer will execute and deliver to the Holder a pledge and assignment dated as of December 1, 2002 (the "Pledge and Assignment"), which Pledge and Assignment assigns to the Holder certain of the Issuer's rights under the Installment Sale Agreement. Pursuant to the Pledge and Assignment, installment purchase payments made by the Institution under the Installment Sale Agreement are to be paid directly to the Holder; and

WHEREAS, to further secure the Bond, the Institution and the Issuer will execute and deliver to the Holder (A) a mortgage dated as of December 1, 2002 (the "Mortgage"), which Mortgage grants to the Holder a lien on and security interest in the Land and Facility, and (B) an assignment of leases and rents dated as of December 1, 2002 (the "Assignment of Rents"), which Assignment of Rents assigns to the Holder all interest of the Issuer and the Institution in all leases affecting the Project Facility and the rents payable thereunder; and

WHEREAS, the (A) Institution's obligation (1) to make all installment purchase payments under the Installment Sale Agreement and (2) to perform all obligations related thereto and (B) Issuer's obligation to repay the Bond will be further secured by a guaranty dated as of December 1, 2002 (the "Guaranty") from the Institution to the Holder; and

WHEREAS, the (A) Institution's obligation (1) to make all installment purchase payments under the Installment Sale Agreement and (2) to perform all obligations related thereto and (B) Issuer's obligation to repay the Bond will be further secured by a limited guaranty dated as of December 1, 2002 (the "Bank Guaranty") from The La Salle School Foundation (the "Guarantor") to the Holder to remain in effect until such time as the outstanding principal balance on the Bond has been reduced to \$2,500,000, which Bank Guaranty shall be collateralized by cash or liquid securities of the Guarantor in the amount of \$1,000,000 until such time as the higher interest expense associated with the Bond is reflected in the State reimbursement rate received by the Institution; and

WHEREAS, since the Institution intends to file for an exemption under Section 420 of the Real Property Tax Law of the State of New York (the "Real Property Tax Law") with respect to the Project, **no** New York State Board of Real Property Services Form RP-412-a (the form required to be filed by the Issuer in order for the Issuer to obtain a real property tax exemption with respect to the Project under Section 412-a of the Real Property Tax Law) (a "Real Property Tax Exemption Form") will be filed by the Issuer with respect to the Project; and

WHEREAS, to demonstrate compliance with the provisions of the Code relating to the issuance of tax-exempt obligations, (A) the Issuer will (1) execute an arbitrage certificate dated the date of delivery of the Bond (the "Arbitrage Certificate") relating to certain requirements set forth in Section 148 of the Code relating to the Bond, (2) execute a completed Internal Revenue Service ("IRS") Form 8038 (Information Return for Private Activity Bond) relating to the Bond ("Form 8038") pursuant to Section 149(e) of the Code, (3) file the Form 8038 with the IRS and (4) execute a certificate of designation (the "Certificate of Designation") designating the Bond as

a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code and (B) the Institution will execute a tax regulatory agreement dated the date of delivery of the Bond (the "Tax Regulatory Agreement") relating to the requirements in Sections 145, 147, 148 and 149 of the Code relating to the Bond; and

WHEREAS, the Holder, in consideration of, among other things, the express promise of the Institution set forth in Section 205 hereof, has agreed to make a loan to the Issuer in the principal amount of \$3,500,000 for the purpose of assisting in the financing of the acquisition, construction and installation of the Project Facility and to purchase the Bond in the principal amount of \$3,500,000 evidencing the Issuer's obligation to repay such principal amount, and the Issuer has agreed to issue, execute and deliver the Bond, all pursuant to the terms of this Bond Purchase Agreement;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PURCHASE OF THE BOND BY THE HOLDER AND THE MAKING OF DISBURSEMENTS THEREUNDER FROM TIME TO TIME BY THE DISBURSING AGENT, AND THE MUTUAL COVENANTS HEREINAFTER CONTAINED, THE PARTIES HERETO FORMALLY COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS, TO WIT:

## ARTICLE I

### DEFINITIONS

SECTION 101. DEFINITIONS. The following words and terms used in this Bond Purchase Agreement shall have the respective meanings set forth below unless the context or use indicates another meaning or intent:

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

“Act” means Title 1 of Article 18-A of the General Municipal Law of the State, as amended from time to time, together with Chapter 178 of the Laws of 1975 of the State, as the same may be further amended from time to time.

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

“Architect” means the architect or firm of architects selected by the Institution with respect to the construction of the Project Facility and acceptable to the Holder.

“Assignment of Rents” means the assignment of leases and rents dated as of December 1, 2002 from the Issuer, the Owner and the Institution to the Holder, as said assignment may be amended or supplemented from time to time.

“Authorized Investments” means, to the extent permitted by the Act and any other applicable law, any of the following: (A) direct obligations of the United States of America, or of any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States or any fund investing exclusively in such obligations; (B) obligations of the State of New York or any political subdivision, school district, district corporation or public benefit corporation thereof which bear an investment grade rating from Standard & Poor’s or Moody’s or any fund investing exclusively in such obligations; and (C) other investments approved by the Holder in writing.

"Authorized Representative" means the Person or Persons at the time designated to act in behalf of the Issuer or the Institution, as the case may be, by written certificate furnished to the Holder containing the specimen signature of each such Person and signed on behalf of (A) the Issuer by its Chairman or Vice Chairman, or such other person as may be authorized by resolution of the Issuer to act on behalf of the Issuer, and (B) the Institution by its President or Vice President, or such other person as may be authorized by the board of directors of the Institution to act on behalf of the Institution.

"Bank Guaranty" means the limited guaranty dated as of December 1, 2002 from the Guarantor to the Holder, pursuant to which the Guarantor has made a guarantee to the Holder of the payments due on the Bond and the Institution's obligations under the Installment Sale Agreement to stay in effect until the Outstanding Principal Balance due on the Bond is reduced to \$2,500,000, as said bank guaranty may be amended or supplemented from time to time.

"Bill of Sale to Institution" means the bill of sale from the Issuer to the Institution conveying all of the Issuer's interest in the Equipment to the Institution, substantially in the form attached as Exhibit D to the Installment Sale Agreement.

"Bill of Sale to Issuer" means the bill of sale delivered on the Closing Date from the Institution to the Issuer conveying the Institution's interest in the Equipment to the Issuer.

"Bond" means the Issuer's Tax-Exempt Civic Facility Revenue Bond (La Salle School Project), Series 2002A in the principal amount of \$3,500,000, dated the Closing Date, substantially in the form attached as Exhibit C to the Bond Purchase Agreement and any Bond issued in substitution therefor pursuant to the provisions of the Bond Purchase Agreement.

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

"Bond Payment Date" means each date on which a Debt Service Payment shall be payable on the Bond according to the terms thereof, so long as the Bond is outstanding.

"Bond Proceeds" means the proceeds of the Bond delivered by the Holder to the Disbursing Agent pursuant to the Bond Purchase Agreement.

"Bond Purchase Agreement" means the bond purchase and building loan agreement dated as of December 1, 2002 by and among the Issuer, the Institution, the Disbursing Agent and the Holder setting forth, among other things, the terms and conditions under which disbursements will be made by the Disbursing Agent under the Bond, as said bond purchase agreement may be amended or supplemented from time to time.

"Bond Rate" shall mean, with respect to the Bond, the applicable interest rate on the Bond, as set forth in the Bond.

“Bond Registrar” means the Holder, acting as bond registrar for the Bond as set forth in Section 303(A) of the Bond Purchase Agreement.

“Bond Resolution” means the resolution of the members of the Issuer duly adopted on December 4, 2002 authorizing the Issuer to undertake the Project, to issue and sell the Bond and to execute and deliver the Financing Documents to which the Issuer is a party.

“Bond Year” means the one (1) year period ending on the anniversary of the Closing Date.

“Building Loan” means that portion of the Loan which is advanced to pay costs which constitute a “cost of improvement”, as said quoted term is defined in Section 2 of the Lien Law.

“Business Day” means a day on which the Holder is open for business at its principal office, presently located in the City of Troy, New York.

“Change Order” means any amendment or modification to the Plans and Specifications or any other document prepared in connection therewith.

“Closing Date” means the date of the issuance and sale of the Bond to the Holder pursuant to the provisions of the Bond Purchase Agreement.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department promulgated thereunder.

“Commitment” means the commitment from the Holder to the Institution dated November 19, 2002 with respect to the making of the loan contemplated by the Bond Purchase Agreement and the purchase of the Bond to evidence such loan. A copy of the Commitment is attached as Schedule I to the Bond Purchase Agreement.

“Completion Date” means the date of substantial completion of the Project Facility, as evidenced in the manner provided in Section 4.4 of the Installment Sale Agreement.

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

“Construction Period” means the period (A) beginning on the Inducement Date and (B) ending on the Completion Date.

“Contract” means any contract, subcontract or purchase order or materials contract between the Institution and a Contractor for the performance of certain work, labor or services or for the furnishing of certain materials, supplies or equipment in connection with the construction and/or equipping of the Facility.

“Contractor” means each Person with whom the Institution contracts from time to time for the acquisition, construction and/or installation of the Project Facility.

“Control Agreement” means an agreement whereby a security interest in \$1,000,000 of cash or liquid securities of the Guarantor is granted to the Holder until such time as the higher interest expense associated with the Bond is reflected in the reimbursement rate received by the Institution.

“Cost of the Project” means all those costs and items of expense enumerated in Section 4.3(A) of the Installment Sale Agreement. The term “Cost of the Project” includes reimbursement to the Institution for any of such costs or expenses incurred and paid.

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

“Default Interest Rate” means (A), when used with respect to the Bond, the Default Interest Rate, as defined in the Bond, and (B), when used with respect to any other Financing Document, a per annum rate of interest equal to the Bond Rate plus 3%; provided, however, that such interest rate shall in no event exceed the maximum interest rate which Institution may by law pay.

“Disbursing Agent” means the Holder or any successor Disbursing Agent, acting as disbursing agent under the Bond Purchase Agreement.

“Equipment” means all materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of the Bond or any payment made by the Institution pursuant to Section 4.5 of the Installment Sale Agreement, and such substitutions and replacements therefor as may be made from time to time pursuant to the Installment Sale Agreement, including, without limitation, all the Property described in Exhibit B attached to the Installment Sale Agreement.

“Event of Default” means any of those events defined as an Events of Default by the terms of any of the Financing Documents.

“Event of Taxability” means (A) receipt by the Holder of a written opinion of Bond Counsel to the effect that, based on written statements, certificates, audits, filings or any other documentation furnished by an Authorized Representative of the Company or any “principal user” (as defined in the Tax Regulatory Agreement) of the Project Facility or any Related Person thereto, the \$150,000,000 limit of Section 145(b) of the Code was exceeded at any time before the end of the three-year period commencing on the later to occur of (1) the date the Project Facility is placed in service or (2) the date the Bond was issued, or (B) the enactment of a statute or promulgation of a regulation eliminating, in whole or in part, the applicable exemption, as such exists on the Closing Date, from gross income for federal income tax purposes for interest

payable under the Bond, or (C) a "final determination by decision or ruling by a duly constituted administrative authority" to the effect that such exemption for interest payable under the Bond is not available, is no longer available or is contrary to law, or (D) the expiration of the right to further administrative review of any determination, decision or ruling to the effect that such exemption for interest payable under the Bond is not available, is no longer available or is contrary to law, or (E) receipt by the Holder of a written opinion of Bond Counsel that there is no longer a basis for the holders of the Bond (or any former holder, other than a holder who is or was a Substantial User of the Project Facility or a Related Person thereto) to claim that any interest paid and payable on the Bond is not excluded from gross income for federal income tax purposes. For the purposes of paragraph (C) above, a "final determination by decision or ruling by a duly constituted administrative authority" shall mean (1) the issuance of a ruling (including, but not limited to, a revenue ruling or a letter ruling) by the Internal Revenue Service ("IRS") or any successor thereto, or (2) the issuance of a preliminary notice of proposed deficiency ("30-Day Letter"), a statutory notice of deficiency ("90-Day Letter"), or other written order or directive of similar force and effect by the IRS, or any other United States Governmental Authority having jurisdiction therein. Nothing in this definition of "Event of Taxability" shall be construed to mean that the Holder or any other holder of the Bond shall have any obligation to contest or appeal any assertion or decision that any interest payable under the Bond is subject to taxation. Notwithstanding the foregoing, in no event shall the imposition of an alternative minimum tax or preference tax or environmental tax or branch profits tax on the Holder or any other Holder of the Bond, in the calculation of which is included the interest on the Bond, be considered an Event of Taxability.

Nothing in this definition of "Event of Taxability" shall be construed to mean that the Holder or any holder of any Bond shall have any obligation to contest or appeal any assertion or decision that any interest payable under the Bond is subject to taxation.

Notwithstanding the foregoing, in no event shall the imposition of an alternative minimum tax or preference tax or environmental tax or branch profits tax on any Bondholder, in the calculation of which is included the interest on the Bond, be considered an Event of Taxability.

"Facility" means the existing buildings described as follows located on the Land: (a) the Tower Building containing approximately 18,200 square feet of space, (b) the Burke Building containing approximately 16,000 square feet of space, and (c) the Administration Building containing approximately 11,100 square feet of space (collectively, the "Facility"), and any other improvements (A) affixed or attached or to be affixed or attached to the Land, and (B) not part of the Equipment, all as they may exist from time to time.

"Financial Institution" means (A) any national bank, banking corporation, trust company or other banking institution, whether acting in its individual or fiduciary capacity, organized under the laws of the United States, any state, any territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the Comptroller of the Currency or a comparable state or territorial official or agency; (B) an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of



risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state, a territory or the District of Columbia; (C) an investment company registered under the Investment Company Act of 1940 or a business development company as described in Section 2(a)(48) of that Act; (D) an employee benefit plan, including an individual retirement account, which is subject to the provisions of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company or registered investment company; or (E) institutional investors or other entities who customarily purchase commercial paper or tax-exempt securities in large denominations.

"Financing Documents" means the Underlying Lease, the Bill of Sale to Issuer, the Bond Purchase Agreement, the Bond, the Mortgage, the Assignment of Rents, the Installment Sale Agreement, the Pledge and Assignment, the Guaranty, the Tax Regulatory Agreement, and any other document now or hereafter executed by the Issuer or the Institution in favor of the Holder which affects the rights of the Holder in or to the Project Facility, in whole or in part, or which secures or guarantees any sum due under the Bond or any other Financing Document, and all documents related thereto and executed in connection therewith, each as amended from time to time.

"Fiscal Year" means the twelve (12) month period beginning on January 1 in any year or such other fiscal year as the Institution may select from time to time.

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

"Gross Proceeds" means 100% of the proceeds of the transactions in question, including, but not limited to, the settlement of any insurance claim or Condemnation award.

"Guarantor" means The La Salle School Foundation, a not-for-profit corporation organized and existing under the laws of the State of New York.

"Guaranty" means the guaranty dated as of December 1, 2002 from the Institution to the Holder, pursuant to which the Institution has guaranteed to the Holder all payments due on the Bond and all of the Institution's obligations under the Installment Sale Agreement, as said guaranty may be amended or supplemented from time to time.

"Hazardous Materials" shall mean all hazardous materials including, without limitation, any flammable explosives, radioactive materials, radon, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), Articles 15 or 27 of the State Environmental Conservation Law,

or in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule or regulation.

“Holder” means The Troy Savings Bank, a banking corporation having an office for the transaction of business located at Hedley Park Place, 433 River Street, Troy, New York 12180, as initial purchaser of the Bond, and its successors and assigns as holder of the Bond.

“Holder Documents” means the Commitment, the Bond Purchase Agreement, the Mortgage, the Assignment of Rents, the Bank Guaranty, the Control Agreement and any other document now or hereafter executed by the Issuer or the Institution in favor of the Holder which affects the rights of the Holder in or to the Project Facility, in whole or in part, or which secures or guarantees any sum due under the Holder Documents.

“Indebtedness” means (1) the principal of, and the premium, if any, and the interest on, the Bond, issued in the original principal amount of \$3,500,000, (2) all other payments due from the Institution or the Issuer to the Holder pursuant to any of the Financing Documents, (3) the performance and observance by the Issuer and the Institution of all of the covenants, agreements, representations and warranties made for the benefit of the Holder in the Mortgage and the other Financing Documents, (4) the monetary obligations of the Institution to the Issuer and its members, officers, agents, servants and employees under the Installment Sale Agreement and the other Financing Documents, and (5) all interest accrued on any of the foregoing.

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

“Independent Inspector” means an architect, engineer or other appropriate firm or individual engaged by the Holder (at the Institution’s expense) to inspect the acquisition, construction and installation of the Project Facility from time to time and to advise and counsel the Holder with respect to the Project Facility and the acquisition, construction and installation thereof.

“Inducement Date” means September 4, 2002.

“Initial Disbursement” means the first advance of Bond Proceeds made by the Holder under the Bond Purchase Agreement.

“Installment Sale Agreement” means the installment sale agreement dated as of December 1, 2002 by and between the Issuer and the Institution, as said installment sale agreement may be amended or supplemented from time to time.

“Institution” means La Salle School, a not-for-profit corporation organized and existing under the laws of the State of New York, and its successors and assigns, to the extent permitted by Section 8.4 of the Installment Sale Agreement.

"Insurance and Condemnation Fund" means the fund so designated established pursuant to Section 402 of the Bond Purchase Agreement.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Bond.

"Issuer" means (A) Albany County Industrial Development Agency and its successors and assigns, and (B) any public benefit corporation or other public corporation resulting from or surviving any consolidation or merger to which Albany County Industrial Development Agency or its successors or assigns may be a party.

"Land" means various interests in a parcel of real estate containing approximately 6.13 acres located at 391 Western Avenue in the City of Albany, Albany County, New York, as more particularly described on Exhibit A attached to the Installment Sale Agreement.

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

"Lien Law" means the Lien Law of the State.

"Loan" means the loan evidenced by the Bond and to be made by the Holder to the Issuer pursuant to the Bond Purchase Agreement.

"Maturity Date" means the final Stated Maturity of the principal of the Bond.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"Mortgage" means the mortgage dated as of December 1, 2002 from the Issuer and the Institution to the Holder, as said mortgage may be amended or supplemented from time to time.

"Mortgaged Property" means the Project Facility and all other Property which may from time to time be subject to the Lien of the Mortgage.

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

"Non-building Loan" means that portion of the Loan which does not constitute part of the Building Loan.

"Permitted Encumbrances" means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions, only to the extent shown on the title policy issued on the Closing Date by the Title Insurer, and that exist on the Closing Date and benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens to the extent permitted by Section 8.8(B) of the Installment Sale Agreement, (C) Liens for taxes, assessments and utility charges (1) to the extent permitted by Section 6.2(B) of the Installment Sale Agreement, or (2) at the time not delinquent, (D) any Lien on the Project Facility, obtained through any Financing Document, (E) any Lien on the Project Facility in favor of the Holder, (F) any Lien listed on Exhibit C to the Mortgage, and (G) any Lien permitted by the Holder in writing.

"Person" means an individual, partnership, corporation, trust, unincorporated organization or Governmental Authority.

"Plans and Specifications" means (1) with respect to the Issuer, the description of the Project Facility appearing in the fifth recital clause to the Installment Sale Agreement, and (2) with respect to the Holder, any plans and specifications for the acquisition, construction and installation of the Facility approved by the Holder.

"Pledge and Assignment" means the pledge and assignment dated as of December 1, 2002 from the Issuer to the Holder, pursuant to which the Issuer has assigned to the Holder its rights under the Installment Sale Agreement (except the Unassigned Rights), as said pledge and assignment may be amended or supplemented from time to time.

"Pledge and Security Agreement" means a pledge and security agreement dated as of December 1, 2002 by and between the Guarantor and the Holder with respect to the cash or liquid securities being pledged by the Guarantor to the Holder as collateral for the Institution's obligations under the Installment Sale Agreement and the Guarantor's obligations under the Bank Guaranty.

"Preliminary Inducement Resolution" means the resolution adopted by the members of the Issuer on September 4, 2002 offering, subject to satisfaction of numerous conditions, to undertake and finance the project.

"Project" means the project undertaken by the Issuer consisting of (A) (1) the acquisition of an interest in the Land, (2) the reconstruction of the Facility, (3) the acquisition and installation therein and thereon of the Equipment, and (4) the refinancing of certain existing indebtedness, incurred by the Institution in connection with the acquisition, construction, reconstruction, renovation and equipping of various portions of the Facility; (B) the financing of

a portion of the costs of the foregoing by the issuance of the Bond; and (C) the sale of the Project Facility to the Institution.

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

“Project Facility Proceeds” shall have the meaning assigned to such term in Section 7.4(A) of the Installment Sale Agreement.

“Project Fund” means the fund so designated established pursuant to Section 402 of the Bond Purchase Agreement.

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

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

“Rebate Fund” means the fund so designated established pursuant to Section 402 of the Bond Purchase Agreement.

“Request for Disbursement” means a request from the Institution, as agent of the Issuer, stating the amount of the disbursement sought and containing the statements, representations and other items required by Section 4.3 of the Installment Sale Agreement and by the Bond Purchase Agreement, in substantially the form of Exhibit D attached to the Bond Purchase Agreement.

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

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

“Standard & Poor’s” means Standard & Poor’s Corporation, and its successors and assigns.

“State” means the State of New York.

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

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

“Taxable Rate” shall have the meaning set forth in the Bond.

"Tax-Exempt Rate" shall have the meaning set forth in the Bond.

"Tax Regulatory Agreement" means the tax regulatory agreement dated the Closing Date from the Institution to the Issuer and the Holder, as said tax regulatory agreement may be amended or supplemented from time to time.

"Termination of Underlying Lease" means the termination of underlying lease from the Issuer to the Institution, substantially in the form attached as Exhibit C to the Installment Sale Agreement.

"Title Insurer" means the issuer of the title insurance policy required by the Holder pursuant to Section 3.4 of the Installment Sale Agreement and of the Bond Purchase Agreement.

"Unassigned Rights" means (A) the rights of the Issuer granted pursuant to Sections 2.2, 3.2, 3.3, 4.1(B), 4.1(D), 4.1(E)(2), 4.1(F), 4.1(G), 4.5, 4.6, 5.2(A), 5.3(B), 5.4(B), 5.6, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 9.1, 9.3, 9.4, 11.1, 11.4, 11.8 and 11.10 of the Installment Sale Agreement, (B) the moneys due and to become due to the Issuer for its own account or the members, officers, agents and employees of the Issuer for their own account pursuant to Sections 2.2(F), 3.3, 4.1, 5.3(B)(2), 5.3(C), 6.3, 8.2, 10.2 and 10.4 of the Installment Sale Agreement, (C) the moneys due as payments in lieu of taxes pursuant to Section 6.5 of the Installment Sale Agreement, and (D) the right to enforce the foregoing pursuant to Article X of the Installment Sale Agreement. Notwithstanding the preceding sentence, to the extent the obligations of the Institution under the Sections of the Installment Sale Agreement listed in (A) or (B) above do not relate to the payment of moneys to the Issuer for its own account or to the members, officers, agents (other than the Institution) and employees of the Issuer for their own account, such obligations, upon assignment of the Installment Sale Agreement by the Issuer to the Holder pursuant to the Pledge and Assignment, shall be deemed to and shall constitute obligations of the Institution to the Issuer and the Holder, jointly and severally, and either the Issuer or the Holder may commence an action to enforce the Institution's obligations under the Installment Sale Agreement.

"Underlying Lease" means the lease to issuer dated as of December 1, 2002 by and between the Institution, as landlord, and the Issuer, as tenant, pursuant to which the Institution granted to the Issuer a leasehold interest in the Project Facility, as said lease to issuer may be amended or supplemented from time to time.

SECTION 102. INTERPRETATION. In this Bond Purchase Agreement, unless the context otherwise requires:

(A) the terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms as used in this Bond Purchase Agreement, refer to this Bond Purchase Agreement, and the term "heretofore" shall mean before, and the term "hereafter" shall mean after, the date of this Bond Purchase Agreement;

(B) words of masculine gender shall mean and include correlative words of the feminine and neuter genders;

(C) words importing the singular number shall mean and include the plural number, and vice versa; and

(D) any certificates, letters or opinions required to be given pursuant to this Bond Purchase Agreement shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Bond Purchase Agreement.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

SECTION 201. REPRESENTATIONS OF AND WARRANTIES BY THE ISSUER. The Issuer represents and warrants to the Holder as follows:

(A) The Issuer is duly organized and validly existing as a public benefit corporation of the State with full power and authority to consummate the transactions contemplated hereby.

(B) The Issuer has full power and authority to acquire, construct and install the Project Facility, to issue and sell the Bond to finance a portion of the Cost of the Project, and to sell the Project Facility to the Institution, all as is provided in the Financing Documents, and to secure the Bond in the manner provided in the Mortgage, the Pledge and Assignment, the Assignment of Rents and the other Financing Documents and the Issuer has taken all actions and obtained all approvals required by the Act.

(C) The Issuer has duly adopted the Bond Resolution and has duly authorized the execution and delivery of the Installment Sale Agreement and the other Financing Documents to which the Issuer is a party and the issuance and sale of the Bond, and has taken all actions necessary or appropriate to carry out the same.

(D) The Bond Proceeds shall be disbursed by the Disbursing Agent, upon satisfaction of the terms and conditions herein set forth, to or for the account of the Institution, as agent of the Issuer.

(E) Except as set forth in the General Certificate of the Issuer executed in connection with the issuance of the Bond, there are, to the knowledge of the Issuer, no actions, suits or proceedings at law or in equity, or before or by any Governmental Authority, pending or threatened against or affecting the Issuer or the Project Facility, or involving the validity or enforceability of the Financing Documents to which the Issuer is a party or the priority of the Lien thereof, and to the Issuer's knowledge, it is not in default with respect to any order, writ, judgment, decree or demand of any court or any Governmental Authority.

(F) The consummation of the transactions contemplated by the Resolution and hereby and performance of the Financing Documents to which the Issuer is a party will not result in any breach of, or constitute a default under, the Act or any mortgage, deed of trust, lease, bank loan or credit agreement, order or judgment, by-laws or other instrument or document to which the Issuer is a party or by which it may be bound or affected.

(G) With the exception of the Financing Documents and contracts entered into by the Institution as agent of the Issuer, the Issuer has not made any contract or arrangement of any kind the performance of which by the party thereto would give rise to a Lien on the Project Facility.



(H) The Issuer has not made and does not intend to make in connection with the Project or the sale of the Bond to the Holder any inquiry concerning the financial position or business condition of the Institution. The Issuer makes no representation as to the financial position or business condition of the Institution and does not represent or warrant as to any of the statements, material (financial or otherwise), representations or certifications furnished, or to be made and furnished by the Institution in connection with the Project or the sale of the Bond to the Holder or the making of disbursements hereunder or as to the correctness, completeness or accuracy of such statements.

SECTION 202. COVENANTS OF THE ISSUER WITH THE HOLDER. The Issuer covenants with the Holder as follows:

(A) The Issuer will take no action, and to the extent of its ability to do so, will suffer no action to be taken, to terminate its existence.

(B) Except to the extent provided in Section 602 and Section 801 hereof, the Issuer will use, and will covenant with the Institution in the Installment Sale Agreement that the Institution will use, the Bond Proceeds only to pay the Cost of the Project.

(C) The Issuer will take all action and do all things which it is authorized by law to take and do (1) in order to perform and observe all covenants and agreements on its part to be performed and observed under this Bond Purchase Agreement and the other Financing Documents to which the Issuer is a party and (2) in order to provide for and to assure payment of the principal of, and the premium, if any, and interest on, the Bond when due in accordance with the terms thereof.

(D) The Issuer will not, without the prior written consent of the Holder, create, assume or suffer to exist any assignment, mortgage, pledge, security interest or other lien, encumbrance or charge on (1) the Facility, other than Permitted Encumbrances, or (2) any revenues derived or to be derived from the Installment Sale Agreement, other than the Financing Documents, or (3) the Bond Proceeds, other than the Financing Documents.

(E) The Issuer will execute, acknowledge, when appropriate, and deliver from time to time at the request of the Holder, but at the sole cost and expense of the Institution, such instruments and documents as in the opinion of the Holder are necessary or desirable to carry out the intent and purpose of this Bond Purchase Agreement.

(F) The Issuer will promptly notify the Holder and the Institution of the occurrence of any Event of Default of which it has actual knowledge.

(G) The Issuer will promptly pay or cause to be paid the principal of or interest on the Bond as such payments become due, subject to the limitation contained in Section 503 of this Bond Purchase Agreement.

SECTION 203. REPRESENTATIONS OF AND WARRANTIES BY THE INSTITUTION.  
The Institution represents and warrants to the Holder as follows:

(A) The Institution (1) is a not-for-profit corporation duly organized and validly existing and in good standing under the laws of the State of New York, (2) has full power and authority to execute and deliver the Financing Documents to which it is a party and to enter into and perform its obligations under the Financing Documents to which it is a party, (3) has duly authorized, executed and delivered the Financing Documents to which it is a party and (4) represents and warrants that such documents constitute legal, valid and binding obligations of the Institution enforceable against the Institution in accordance with their respective terms.

(B) The representations and warranties contained in Section 2.2 of the Installment Sale Agreement are true, and such representations and warranties are incorporated into this Bond Purchase Agreement.

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

(D) Except as set forth in the General Certificate of the Institution executed in connection with the issuance of the Bond, there are no actions, suits or proceedings at law or in equity, or before or by any Governmental Authority, pending or, to the knowledge of the Institution, threatened against or affecting the Institution or the Project Facility or which may materially adversely affect the financial condition of the Institution, or involving the validity or enforceability of any of the Financing Documents or the priority of the Liens thereof, and, to the Institution's knowledge, the Institution is not in default with respect to any order, writ, judgment, decree or demand of any court or any Governmental Authority.

(E) Neither the execution and delivery of the Financing Documents to which the Institution is a party, the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions thereof will (1) result in a breach of or conflict with any term or provision in the certificate of incorporation or by-laws of the Institution, (2) require consent under (which has not been heretofore received) or result in a breach of or default under any credit agreement, indenture, purchase agreement, mortgage, deed of trust, commitment, guaranty or other agreement or instrument to which the Institution is a party or by which the Institution or any Property of the Institution may be bound or affected, or (3) conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any government, governmental instrumentality or court (domestic or foreign) having jurisdiction over the Institution or any of the Property of the Institution.

(F) The Issuer is and will have a bona fide leasehold and/or ownership interest in the Project Facility in its own right, and the Institution has a valid interest in the Project Facility, subject in both cases only to the Permitted Encumbrances, and no party other than the Issuer and

the Institution has any beneficial or equitable right, title or interest in the Project Facility or any part thereof, with the exception of the beneficiaries of the Permitted Encumbrances.

(G) Excepting approvals already obtained, no additional approval or other action by any Governmental Authority is required in connection with the execution or performance by the Institution of the Financing Documents to which the Institution is a party.

(H) The Institution has not made any contract or arrangement of any kind (which remains unpaid) the performance of which by the other party thereto would give rise to a Lien on the Project Facility except for the Financing Documents, Permitted Encumbrances and contracts with materialmen and subcontractors, and the Institution is not in default under the Financing Documents.

(I) There is no default under any Financing Document and no event has occurred and is continuing which with notice or the passage of time or both would constitute a default under any Financing Document.

(J) All proceeds of the Bond advanced to or upon the order of the Institution shall be used solely for paying the Cost of the Project.

**SECTION 204. COVENANTS OF THE INSTITUTION.** The Institution covenants and agrees with the Holder for the benefit of the Holder and any subsequent holders from time to time of the Bond, and the Issuer, as follows:

(A) The Institution will promptly notify the Issuer and the Holder of the occurrence of any Event of Default of which it has knowledge.

(B) On behalf of the Issuer, the Institution will acquire the Land, construct the Addition, renovate the Existing Facility and acquire and install the Equipment in the Facility or elsewhere on the Land in accordance with the Plans and Specifications. The Institution intends that this covenant and agreement on its part will be construed to be an express promise to make an improvement on real property for purposes of qualifying this Bond Purchase Agreement as a building loan contract as described in Sections 2(13), 13(3) and 22 of the Lien Law.

(C) On behalf of itself and the Issuer, the Building Loan advances received under the terms of this Bond Purchase Agreement and the right to receive such Building Loan advances will be held by the Institution as a trust fund to be applied first for the purpose of paying the "cost of improvement" (as said quoted term is defined in Section 2(15) of the Lien Law) before using any part of the total of the same for any other purpose, it being intended by this covenant to subject all Building Loan Advances received hereunder by or on behalf of the Issuer and/or the Institution to the trust fund provisions of Section 13 of the Lien Law, to the extent to which that Section may be found to apply by its terms.

(D) The covenants set forth in Section 2.2 of the Installment Sale Agreement will be observed, and such covenants are incorporated into this Bond Purchase Agreement.

(E) The Institution shall not create, assume or suffer to exist any assignment, mortgage, pledge, security interest or other lien, encumbrance or charge upon its interest in the Project Facility, other than Permitted Encumbrances, nor shall it assign its interest in the Project Facility, without the prior written approval of the Holder.

(F) Except as permitted in the Installment Sale Agreement, the Assignment of Rents and the Mortgage, the Institution will not convey or encumber its interest in the Project Facility or any portion thereof or interest therein (and will not assign this Bond Purchase Agreement or the proceeds derived from the sale of the Bond, or to be disbursed hereunder or under the Bond to or upon the order of the Institution).

(G) The Institution will, upon reasonable notice from the Holder, permit the Holder and/or its representatives to enter upon the Land and inspect the Project Facility and the Equipment and to examine all detailed plans and shop drawings which are or may be kept at the site.

(H) The Institution will cause the acquisition, construction and installation of the Project Facility to be prosecuted with diligence and continuity and will complete the same in accordance with the Plans and Specifications on or before the Completion Date, free and clear of Liens or claims for Liens for material supplied and for labor or services performed in connection with the acquisition, construction and installation of the Project Facility.

(I) The Institution will indemnify the Holder and the Issuer from claims of brokers arising by reason of the execution hereof or the consummation of transaction contemplated hereby and from expenses incurred by the Holder or the Issuer in connection with any such claims (including reasonable attorneys' fees).

(J) The Institution will deliver to the Holder, on demand, certified copies of any contracts, bills of sale, statements, receipted vouchers or agreements, under which the Institution, as agent of the Issuer, or the Issuer claims title to any materials, fixtures or articles constituting part of the Equipment or incorporated in the Project Facility or subject to the Lien of the Mortgage.

(K) The Institution will, upon demand of the Holder, correct any structural defect in the Project Facility or any material departure from the Plans and Specifications not approved by the Holder in writing; the disbursement of any proceeds shall not constitute a waiver of the Holder's right to require compliance with this covenant with respect to such defects or departures from the Plans and Specifications not therefor discovered by, or called to the attention of, the Holder.

(L) The Institution will, upon request of the Holder, furnish the Holder with evidence satisfactory to the Holder, showing payment of all bills and charges for which advances of the proceeds of the Bond have been previously made pursuant to this Bond Purchase Agreement. It shall also deliver to the Holder, upon request, such bills, receipts, invoices and other evidence as

may be required by the Holder to substantiate the actual incurrence by the Institution of items constituting the Cost of the Project.

(M) The Institution will comply promptly with all Applicable Laws (including, without limitation, obtaining a certificate of occupancy) and will furnish the Holder, on demand, official searches made by any Governmental Authority.

(N) The Institution will deliver to the Holder (1) the annual audited financial statements of the Institution prepared by the Accountant as soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Institution, and (2) internally prepared financial statements of the Institution as soon as available and in any event within thirty (30) days after the end of each semi-annual period of each fiscal year of the Institution.

(O) The Institution will not create, incur, assume or suffer to exist any indebtedness in addition to the Indebtedness or other than such indebtedness as may be incurred in the ordinary course of the Institution's business, as presently conducted, without the prior written consent of the Holder, which consent will not be unreasonably withheld.

(P) The Institution will establish and maintain its primary banking relationship with the Holder.

SECTION 205. REPRESENTATIONS BY AND COVENANTS OF THE HOLDER. The Holder represents to and covenants and agrees with the Issuer as follows:

(A) The Holder has had an opportunity to make such investigations and has had access to such information with respect to the Institution and its affairs and condition, financial or otherwise, which the Holder has deemed necessary in connection with and as a basis for the purchase of the Bond, and any and all information relating to the Institution and its affairs which the Holder has requested has been provided to the Holder.

(B) The Holder has consulted with legal counsel regarding the terms, form and content of the Financing Documents. The Holder has approved this Bond Purchase Agreement, the Bond Resolution and the other Financing Documents, and such documents contain the terms agreed to by the Holder.

(C) The Holder is purchasing the Bond (1) for its own account, for the purpose of investment and not with a view to the distribution or resale thereof and (2) not for the account of others. The Holder has not offered, offered to sell, offered for sale or sold the Bond by means of any form of general solicitation or general advertising and the Holder is not an underwriter within the meaning of Section 2(11) of the Securities Act of 1933, as amended, and will not sell the Bond without registration under the Securities Laws or exemption therefrom. The Holder presently has no arrangement, written or oral, with any Person for the distribution, transfer or resale of the Bond, but reserves the right to do so upon compliance with all applicable Securities Laws.

(D) The Holder agrees to notify the Issuer and the Institution in writing of any proposed transfer or resale of the Bond and to furnish to them prior to any such transfer or resale (1) except with respect to a transfer to a Financial Institution, an opinion of Independent Counsel that such transfer or resale does not and will not require registration of the Bond under the Securities Laws and (2) except with respect to a transfer to a Financial Institution, a certificate of the purchaser of the Bond to the effect that such purchaser has been provided with all requested disclosure information by the Institution. The Holder further agrees that, upon any transfer or resale of the Bond, the Holder shall assign to the transferee or purchaser of the Bond all of the Holder's rights pursuant to this Bond Purchase Agreement and the other Financing Documents, and in that connection will execute and deliver all instruments and documents necessary or appropriate therefor.

(E) The Holder understands that (1) the Bond being purchased, and interest thereon, shall be a special obligation of the Issuer payable solely from certain of the installment purchase payments, revenues and receipts derived by the Issuer from or in connection with the Project Facility, (2) the Issuer has no power of taxation and (3) the Issuer makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the Project Facility, or the suitability of the Project Facility for the Institution's purposes or needs, or the extent to which the proceeds derived from the sale of the Bond will be sufficient to pay the cost of the undertaking of the Project.

(F) The Holder has not requested or received from the Issuer any information which the Holder, as a reasonable investor, deems important in reaching its investment decision to purchase the Bond. The Holder acknowledges that neither the Issuer nor its counsel nor Bond Counsel have made any investigation or inquiry with respect to the affairs or condition, financial or otherwise, of the Institution and that the Issuer and its counsel do not make any representation to the Holder with respect to the adequacy, sufficiency or accuracy of any financial statements or other information provided to the Holder by the Institution, or with respect to the ability of the Institution to pay the Bond or fulfill their respective obligations with respect to the transactions contemplated in connection therewith. The Holder is not relying on any statements or representations by the Issuer with respect to (1) the financial condition of the Institution, (2) the creditworthiness of the Institution, (3) the competence or integrity of the management of the Institution, or (4) the suitability of the Project Facility for the Institution's business. The Holder has made an independent evaluation of the factors listed above without reliance upon any evaluation or investigation by the Issuer as to any of them.

(G) The Holder has made its own independent investigation and evaluation of the financial position and business condition of the Institution, or has caused such investigation and evaluation of the Institution to be made by Persons it deemed competent to do so, and the Holder hereby expressly waives the right to receive such information from the Issuer and relieves the Issuer and any officer, member, agent (other than the Institution) or employee thereof of any liability for failure to provide such information or for the inclusion in any of the documents, representations or certifications to be provided by the Institution to the Holder in connection with the Bond of any untrue fact or for the failure to include therein any fact.

(H) The Holder has not relied upon the determination of the Issuer to issue its tax-exempt industrial development revenue bond to finance the Project Facility for any purpose in connection with its evaluation of the financial condition, creditworthiness or competence of the Institution, or of the integrity of the management of the Institution, or of the suitability of the Project Facility for the Institution's business.

## ARTICLE III

### PURCHASE AND SALE OF THE BOND

SECTION 301. CLOSING DATE. Upon satisfaction of the conditions set forth in Section 302 hereof, the Holder will purchase the Bond from the Issuer, and the Issuer will sell the Bond to the Holder, on the Closing Date, which shall be on or before December 31, 2002 or such other date as shall be agreed to by the parties hereto. The purchase price for the Bond on the Closing Date shall be the principal amount of the Bond and shall be payable in immediately available funds.

SECTION 302. CONDITIONS PRECEDENT TO CLOSING. The Holder shall not be obligated hereunder to purchase the Bond unless the following conditions shall have been satisfied or waived by the Holder:

(A) The Holder shall have received (and approved as appropriate):

(1) any portion of the commitment fee due pursuant to the Commitment on the Closing Date and the Holder's counsel fees, if any, payable on the Closing Date;

(2) the executed Bond and executed counterparts of all the Financing Documents;

(3) the certificates and policies, if available, or proof of the insurance required by the Installment Sale Agreement, accompanied by evidence of the payment of the premiums therefor;

(4) an opinion of counsel to the Issuer in form and substance satisfactory to the Holder and its counsel;

(5) an opinion of Bond Counsel in form and substance satisfactory to the Holder and its counsel;

(6) an opinion of counsel to the Institution in form and substance satisfactory to the Holder and its counsel;

(7) UCC-1 financing statements or comparable security instruments to evidence or perfect the security interests created or purported to be created by the Financing Documents;

(8) a certificate of one or more officers of Issuer and such other proof as the Holder shall require to establish the truth of the representations and warranties set forth in Section 201 hereof;

(9) a certificate of one or more officers of the Institution and such other proof as the Holder shall require to establish the truth of the representations set forth in Section 203 hereof;



(10) a paid title insurance policy in form and substance satisfactory to the Holder, in the amount required by Section 3.4 of the Installment Sale Agreement, insuring the Mortgage to be a valid first priority Lien on the Project Facility, free and clear of all defects and encumbrances except Permitted Encumbrances and such other defects and encumbrances as Holder and its counsel shall approve;

(11) evidence that the Project Facility is not located in an area that has been identified by the Secretary of Housing and Urban Development as having special flood hazards, or that the Institution has obtained the flood hazard insurance required by the National Flood Insurance Act of 1968, as amended by Flood Disaster Protection Act of 1973 (42 USC 4013, et seq.);

(12) evidence satisfactory to Holder that the construction, installation and occupancy of the Project Facility shall comply with all Applicable Laws;

(13) the first Request for Disbursement, with accompanying supporting schedules in a form and content satisfactory to the Holder;

(14) a current phase one environmental survey of the Land, acceptable to the Holder;

(15) evidence satisfactory to the Holder that the Institution has sufficient funds with which to complete the construction of the Facility and the acquisition and installation of the Equipment;

(16) the preliminary Plans and Specifications; and

(17) such other or further documents, data or information with respect to the Institution or the Project Facility as the Holder may request as set forth in the Commitment.

(B) The Holder's counsel shall have received (and approved as appropriate) or waived its right to receive:

(1) a certified copy of the certificate of establishment of the Issuer and all amendments thereof, filed with the New York State Department of State, Miscellaneous Records Unit, together with certified copies of the certificates of appointment of all the present members of the Issuer;

(2) a copy of the by-laws of the Issuer, certified by the Secretary (or Assistant Secretary) of the Issuer;

(3) a copy of the Bond Resolution, certified by the Secretary (or Assistant Secretary) of the Issuer;

(4) evidence satisfactory to the Holder that the zoning of the Land permits the use and operation of the Project Facility as proposed;

(5) a certified copy of the Institution's certificate of incorporation and by-laws, and a certificate of good standing relating to the Institution.

(6) a resolution (or unanimous written consent) of the board of trustees of the Institution approving and authorizing the execution and delivery of the Financing Documents to which the Institution is a party;

(7) copies of all authorizations, certificates and permits, if any, required by any Governmental Authority for the operation of the Project Facility for the purposes contemplated by the Plans and Specifications which in the opinion of the Holder's counsel must be obtained from all Governmental Authorities, and which are presently procurable, including any authorizations required with respect to applicable environmental protection regulations and/or laws which are presently procurable;

(8) the authorization or permit from the local Governmental Authority allowing construction of the Facility;

(9) a current title report from the Title Insurer which shall set forth a description of the Land and shall have attached thereto copies of all instruments which appear as exceptions in the report and shall state the status of the title to abutting streets and roads;

(10) if required by the Holder, an original current survey certified to the Holder, the Holder's counsel and the Issuer, and showing the Land and all improvements thereon and easements, rights-of-way, adjoining sites and encroachments (and the extent thereof) affecting the Land; and

(11) executed copies of the Financing Documents and the Holder Documents, and such other or further documents, data or information with respect to the Institution or the Project Facility as the Holder's counsel may request as set forth in the Commitment.

SECTION 303. REGISTERED BOND. (A) The Bond shall be in fully registered form and shall be payable in accordance with the provisions of the Bond to the registered owner thereof as shown on the records maintained by the Issuer for the registration and transfer of the Bond. The Holder is hereby designated and agrees to act as bond registrar (the "Bond Registrar") with respect to the Bond.

(B) So long as the Bond shall remain unpaid, the Holder shall maintain and keep, on behalf of the Issuer, at the office of the Holder, a bond register for the registration and transfer of the Bond; and upon presentation thereof for such purpose at such office, the Holder shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Holder or the Issuer may prescribe, any Bond entitled to registration or

transfer. So long as the Bond shall remain unpaid, the Issuer shall make all necessary provision to permit the exchange of the Bond at the office of the Holder.

(C) The Bond shall be transferable only upon the books of the Issuer, which shall be kept for that purpose at the office of the Holder, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Holder duly executed by the registered owner or his attorney duly authorized in writing. Upon the transfer of any Bond, the Issuer shall issue in the name of the transferee a new Bond of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond.

(D) The Issuer and the Institution may deem and treat the person in whose name any unpaid Bond shall be registered upon the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for all purposes, and neither the Issuer nor the Institution shall be affected by any notice to the contrary. The term "Bond" shall include a Bond issued by the Issuer in exchange for or upon transfer of any Bond under this Section 303.

SECTION 304. PROVISIONS RELATING TO EXCHANGE OF THE BOND. (A) If at any time the holder of the Bond issued pursuant to Section 302 hereof requests of the Issuer that such Bond be exchanged for two or more Bonds of smaller denominations, the Issuer shall, subject to the provisions of subsection (D) of this Section 304, execute and deliver a trust indenture (the "Indenture") to a bank or trust company organized under the laws of the State or of the United States and having its principal office in the State and a combined capital and surplus of at least \$25,000,000. Such Indenture shall:

(1) provide for the issuance of an aggregate principal amount of Bonds (the "New Bonds") of the Issuer equal to the unpaid principal amount of the Bond originally issued hereunder, bearing interest at the same rate as such Bond and in all other respects substantially similar to, and having substantially all of the rights and privileges carried by the Bond; and

(2) insofar as may be appropriate, contain the substance of all covenants, conditions and provisions of this Bond Purchase Agreement and the Bond issued hereunder, together with such other provisions as may be desirable (but not inconsistent with the provisions of this Bond Purchase Agreement, the Bond Resolution and such Bond) and as are usually contained in indentures of similar issuers providing for Bonds of comparable aggregate principal amount and maturity, or as are usually contained in such Bond. The Indenture and the New Bonds shall be, respectively, in form and substance satisfactory to the Issuer and its counsel, the Institution and its counsel, the holder of the Bond and its counsel and in such form as may be necessary to comply with any applicable recording statutes or other statutes and with any rules or regulations thereunder and with the decisions of Federal and State courts.

(B) In connection with the execution and delivery of the Indenture, the Issuer, the Holder and the Institution hereby agree to enter into such amendments or supplements to this Bond

Purchase Agreement, the Installment Sale Agreement, and the Mortgage and to execute and deliver such other instruments and documents as may, in the opinion of Bond Counsel, be required in connection with the Indenture and to otherwise comply with the provisions of this Section 304.

(C) At the time of execution of the Indenture (1) the Holder shall assign to the Trustee under the Indenture, to be held by such trustee for the benefit of all the holders of the New Bonds, all of the rights of the Issuer assigned to the Holder pursuant to the Pledge and Assignment and all of the Holder's rights (if any) pursuant to the Mortgage, (2) the Issuer shall deliver an opinion of its counsel to the holder of the Bond making the request referred to in subsection (a) of this Section to the effect that (a) the Indenture and the New Bonds are in form in compliance with this Section 304, (b) the Indenture has been duly authorized, executed and delivered by the Issuer and is a valid and legally binding instrument enforceable against the Issuer in accordance with its terms, (c) the Indenture (or a memorandum thereof if and to the extent permitted or required by applicable law) and all financing statements as may be required to be filed to perfect any security interests assigned to the trustee have been properly recorded or filed for record in all public offices in which recording or filing is necessary to perfect the Lien and security interest provided by the Indenture as a valid first Lien on and security interest in the rights assigned in accordance with the Pledge and Assignment and in the Mortgage, (d) the remedies provided therein are enforceable in accordance with their terms (except as such remedies may be limited by bankruptcy laws, or by other laws relating to or affecting the enforcement of the Indenture, and (e) the New Bonds have been duly authorized, and when executed, authenticated and delivered as herein and in the Indenture provided, will constitute, legal, valid and binding obligations of the Issuer in accordance with their terms and will be entitled to the benefits of the Indenture, as aforesaid.

(D) The agreement of the Issuer to execute and deliver the Indenture shall be subject to the receipt by the Issuer of indemnity from the Institution sufficient in the Issuer's estimation to pay for all the expenses attendant to complying with such request and the receipt of such other opinions of counsel, agreements and other documents as it shall reasonably request in connection therewith (including an effective registration statement relating to such New Bonds or a "no action letter" from the Securities and Exchange Commission or an opinion of Independent Counsel satisfactory to the Issuer that registration under the Securities Act of 1933, as amended, is not required) all of which shall be to the reasonable satisfaction of the Issuer as to form and substance, including without limitation thereto, the adoption by it of all necessary resolutions required to be adopted by it in connection therewith.

(E) Upon execution and delivery of the Indenture, the Issuer will, upon being indemnified by the Institution in accordance with subsection (D) above, deliver to or upon the order of the holder of the Bond, New Bonds, in the same aggregate principal amount as the unpaid principal amount of the Bond surrendered, in the denomination of \$100,000 or any denomination of \$5,000 in excess thereof as such holder may elect, in registered form, and bearing interest from the date to which interest shall have been paid on the Bond so surrendered.

SECTION 305. LOSS, THEFT, DESTRUCTION OR MUTILATION OF THE BOND. (A) In the event that the Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and deliver a new Bond of like maturity, interest rate and principal amount, bearing the same number, if any, as the mutilated, destroyed, lost or stolen Bond and bearing a notation indicating the principal amount outstanding, in exchange for the mutilated Bond, or in substitution for the Bond so destroyed, lost or stolen. Such new Bond may bear on its face a notation to the effect that it has been issued in order to replace a lost, stolen or destroyed Bond.

(B) In every case of exchange or substitution, the applicant shall furnish to the Issuer (1) such security or indemnity as may be required by the Issuer to save the Issuer and its members, officers, agents, servants and employees harmless from all risks, however, remote, reasonably related to such exchange or substitution and (2) evidence to the reasonable satisfaction of the Issuer of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof. Upon the issuance of a new Bond upon such exchange or substitution, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer.

(C) In case the Bond is about to mature and shall become mutilated or be destroyed, lost or stolen, the Issuer may, instead of issuing a new Bond in exchange or substitution therefor, pay or authorize the payment of same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer (1) such security or indemnity as the Issuer may require to save the Issuer, and its members, officers, agents, servants and employees, harmless from all risks, however remote, and (2) evidence reasonably satisfactory to the Issuer of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

SECTION 306. COMMITMENT. A copy of the Commitment is attached hereto as Schedule I. In the event of any variation between the provisions of this Bond Purchase Agreement and the Commitment, the provisions of the Commitment shall govern.

## ARTICLE IV

### BOND PROCEEDS AND APPLICATION THEREOF; DISBURSEMENTS OF BOND PROCEEDS

SECTION 401. APPLICATION OF BOND PROCEEDS. Upon the receipt of the proceeds of the sale of the Bond, the Issuer shall pay such proceeds to the Disbursing Agent for deposit in the Project Fund. The Disbursing Agent shall hold the proceeds of the Bond in trust for the Issuer until disbursed as hereinafter provided to pay the Cost of the Project.

SECTION 402. ESTABLISHMENT OF FUNDS. (A) The Disbursing Agent hereby establishes and creates the following special trust funds on behalf of the Issuer:

(1) The Project Fund, which shall be designated the "Albany County Industrial Development Agency (La Salle School Project) Project Fund".

(2) The Insurance and Condemnation Fund, which shall be designated the "Albany County Industrial Development Agency (La Salle School Project) Insurance and Condemnation Fund".

(3) The Rebate Fund, which shall be designated the "Albany County Industrial Development Agency (La Salle School Project) Rebate Fund".

(B) The funds and accounts created under this Bond Purchase Agreement shall be maintained by the Disbursing Agent and shall be held in the custody of the Disbursing Agent. The Issuer authorizes and directs the Disbursing Agent to disburse moneys from said funds and accounts for the purposes specified herein, which authorization and direction the Disbursing Agent hereby accepts. All moneys required to be deposited with or paid to the Disbursing Agent under any section of this Article shall be held by the Disbursing Agent on behalf of the Issuer, subject to the Lien of the Mortgage and as security for the Bond (except for moneys held by the Disbursing Agent in the Rebate Fund). Moneys held in the Rebate Fund shall not be subject to a security interest, pledge, assignment, Lien or charge in favor of the Holder or any other Person.

SECTION 403. PROJECT FUND; REQUESTS FOR DISBURSEMENT. (A) In accordance with Section 401 of the Bond Purchase Agreement, the Issuer is to pay the proceeds of the Bond to the Disbursing Agent for deposit in the Project Fund. The Disbursing Agent, in accordance with Section 402(B) of the Bond Purchase Agreement, is required to disburse amounts in the Project Fund to pay the Cost of the Project upon receipt of a Request for Disbursement submitted to the Disbursing Agent.

(B) Each Request for Disbursement shall be in writing and shall be submitted by the Institution to the Disbursing Agent at its office at Hedley Park Place, 433 River Street, Troy, New York 12180, or at such other place as may be designated by the Disbursing Agent. Each

Request for Disbursement shall be in form and substance satisfactory to the Disbursing Agent, shall be certified by an Authorized Representative of the Institution and shall state:

- (1) the name(s) and address(es) of the Person(s) to whom payment is to be made;
- (2) the amount of the payment;
- (3) the description of the purpose for which the requested disbursements from the Project Fund is to be made;
- (4) that the disbursement is for a proper expenditure of moneys in the Project Fund under Section 4.3 of the Installment Sale Agreement;
- (5) that, with respect to the item(s) for which payment is to be made, the Authorized Representative of the Institution has no knowledge of any Lien which should be satisfied or discharged before the payment as requested is made;
- (6) that the percentage of work on the acquisition, construction and installation of the Project Facility which has been completed exceeds the percentage which all disbursements made to date represent of the prospective total of Bond Proceeds which can be disbursed from the Project Fund;
- (7) that no item(s) for which payment is to be made has (have) been the basis for any prior disbursement from the Project Fund (requests for disbursement of retainage amounts under any contract relating to the construction of the Facility shall not be deemed made for an item which has been the basis of a prior disbursement by virtue of requests for disbursement of amounts covering the cost of such construction, less the retainage amounts);
- (8) that all of the conditions set forth in the Bond Purchase Agreement have been satisfied or have been waived in writing by the Disbursing Agent;
- (9) that, as of the date of the Request for Disbursement, the representations and covenants made in Section 2.2 of the Installment Sale Agreement are true and accurate. there is no Event of Default under any of the Financing Documents, nor any event, condition or act that, with the passage of time or the giving of notice or both, would ripen into such an event of default;
- (10) that the Facility has not been materially injured or damaged by fire or other casualty;
- (11) that all sums due workmen and materialmen have been paid or will be paid from the proceeds of the disbursement;

(12) that none of the items for which requisition is made constitute personal property (including, without limitation, fixtures and equipment) other than that listed on all accompanying schedules sufficient for identification purposes in connection with the filing of UCC-1 and/or UCC-3 financing statements; and

(13) the payment of the amount requested hereby is consistent in all material aspects with the Tax Regulatory Agreement.

Requests for Disbursements for construction items shall be accompanied by AIA forms G-702 and G-703 executed by the Institution, the Architect and the Contractor, accompanied by a certificate executed by the Institution, the Architect and the Contractor that the work has been done in accordance with the approved Plans and Specifications and in a good and workmanlike manner, and approved by the Disbursing Agent. Requests for Disbursements for items other than construction items shall be accompanied by invoices, bills or other proof to substantiate the amount requested. In no event shall any disbursement prior to the final disbursement from the Project Fund include retainage under any construction contract.

(C) Notwithstanding anything to the contrary contained in this Section 403, the Disbursing Agent, in its sole discretion, may delay disbursing moneys from the Project Fund relating to construction items until the Disbursing Agent shall first have (1) caused an inspection of the Facility to be made by the Independent Inspector to confirm that the construction items in any such Request for Disbursement are properly payable and that the work has been completed in accordance with the Plans and Specifications, and (2) requested and obtained releases of Liens from the Contractor, the subcontractors and materialmen to the extent that any such Persons were to receive moneys from all preceding disbursements. In the event that the Disbursing Agent delays disbursing money from the Project Fund as provided in clause (1) above, the Disbursing Agent shall use every reasonable effort to cause such inspection to occur promptly.

(D) Further, notwithstanding anything to the contrary contained in this Section 403, the Disbursing Agent, in its sole discretion, may delay disbursing monies required to be held as a retainage provided for under any Contract with the Institution for the construction, renovation and/or installation of the Project Facility.

SECTION 404. CONDITIONS OF FIRST DISBURSEMENT. The Institution and the Disbursing Agent have agreed that the moneys held in the Project Fund shall be disbursed in monthly disbursements. The Disbursing Agent shall not be obligated to make any disbursement until the conditions set forth in Section 403 hereof and the following further conditions shall have been satisfied:

(A) As of the date of the disbursement, the representations and warranties of the Institution made in Article II hereof shall be true and correct, there shall be no Event of Default under any of the Financing Documents and there shall be no event that with the passage of time or the giving of notice or both would ripen into an Event of Default;



(B) The Facility shall not have been materially injured or damaged by fire or other casualty, unless the Holder shall have received insurance proceeds sufficient, in the judgment of the Holder, to effect the satisfactory restoration of the Facility and to permit the completion thereof prior to the Completion Date;

(C) The Holder shall have received:

(1) a Request for Disbursement, accompanied by such items as are required by Section 403(B) of this Bond Purchase Agreement;

(2) proof that, as of the date of the disbursement, a search of the public records by an abstract or title company satisfactory to the Disbursing Agent discloses no vendors', mechanics' or other Liens, judgments, conditional sales contracts, chattel mortgages, leases of personalty, financing statements or title retention agreements filed and/or recorded against the Institution or the Project Facility;

(3) Plans and Specifications in a form satisfactory to it;

(4) all authorizations, certificates and permits, if any, which, in the opinion of counsel to the Disbursing Agent, are required by any Governmental Authority for the construction, installation and operation of the Project Facility as contemplated by the Plans and Specifications and which are currently procurable, including any authorizations required with respect to applicable environmental protection regulations and laws which are currently procurable;

(5) letters from local utility companies or municipal authorities stating that electric, gas, sewer, telephone and water facilities, as contemplated by the Plans and Specifications, are currently available or will be available upon completion of the Project Facility; and

(6) such other or further documents, data or information with respect to the Institution or the Project Facility as the Disbursing Agent may reasonably request, including, but not limited to, a written inspection report from the Independent Inspector in form and content satisfactory to the Disbursing Agent.

SECTION 405. CONDITIONS TO DISBURSEMENTS AFTER THE FIRST DISBURSEMENT. The Disbursing Agent's obligation to make any disbursement from the Project Fund after the first disbursement shall be subject to satisfaction of the following conditions:

(A) The conditions specified in subparagraphs (1), (2) and (6) of paragraph (C) of Section 404 hereof shall be satisfied as of the date of each disbursement after the first disbursement.

(B) The Disbursing Agent shall have received the following:

(1) a certificate signed by an Authorized Representative of the Institution that all suppliers and materialmen have been paid or payment has been provided for through the date of the disbursement; and

(2) an executed Lien waiver from the Contractor as to all amounts previously disbursed.

(C) In the case of the final disbursement from the Project Fund, which shall include any retainage provided for in Section 403(D) hereof, the Disbursing Agent shall have received, in addition to the items described in paragraph (A) above, the following:

(1) evidence of the approval by the appropriate Governmental Authority of the Project Facility in its entirety for permanent occupancy to the extent any such approval is a condition of the lawful use and occupancy of the Project Facility for its intended purposes, including the approval of any local Board of Fire Underwriters or the equivalent thereof, and evidence that no notice of any violation has been filed of record with any Governmental Authority;

(2) certification from the Architect that the Project Facility is complete according to the Plans and Specifications and in a good and workmanlike manner;

(3) a final Lien waiver executed by the Contractor or evidence as to when any such Lien filed will cease to be a Lien on the Project Facility;

(4) a final survey showing the complete Project Facility certified to the Holder and the Title Insurer;

(5) a final Title Policy update;

(6) the certification set forth in Section 4.4 of the Installment Sale Agreement.

(7) the determination of the Rebate Amount calculated as of the Completion Date in accordance with the Tax Regulatory Agreement; and

(8) such other or further documents, data or information with respect to the Institution or the Project Facility as the Disbursing Agent may reasonably request, including, but not limited to, a written inspection report from the Independent Inspector in form and content satisfactory to the Disbursing Agent.

(D) In the event the Institution shall be unable to comply with the conditions set forth in Section 405(C) hereof on or prior to the Completion Date, any amounts remaining in the Project Fund shall be applied to the prepayment of the Bond as provided in Section 4.3(B) of the Installment Sale Agreement.

SECTION 406. INSURANCE AND CONDEMNATION FUND. (A) There shall be deposited into the Insurance and Condemnation Fund all those moneys directed to be deposited therein by Section 7.4 of the Installment Sale Agreement.

(B) If, pursuant to Sections 7.1(B) or 7.2(B) of the Installment Sale Agreement, the Institution exercises its option not to repair, rebuild or restore the Project Facility or, if a taking in Condemnation as described in Section 7.2(C) of the Installment Sale Agreement occurs, the Disbursing Agent shall, after any transfer to the Rebate Fund required by the Tax Regulatory Agreement and Section 408 hereof is made, utilize all moneys held in the Insurance and Condemnation Fund to prepay the principal amount of the Bond.

(C) If the Institution elects to repair, rebuild or restore the Project Facility, and provided no Event of Default has occurred and is continuing, moneys held in the Insurance and Condemnation Fund and attributable to the damage to or destruction of or the taking of the Project Facility shall, after any transfer to the Rebate Fund required by the Tax Regulatory Agreement and Section 408 hereof is made, be applied to pay the costs of such repairs, rebuilding or restoration in accordance with the terms and conditions set forth in Section 406(D) hereof.

(D) The Disbursing Agent is hereby authorized to and shall make such disbursements, at the Institution's request, either upon the completion of such repairs or periodically as such repairs, rebuilding or restoration progress, upon receipt by the Disbursing Agent of a certificate of an Authorized Representative of the Institution stating, with respect to each payment to be made: (1) the amount or amounts to be paid, the Person or Persons (which may include the Institution for reimbursement of such costs) to whom an amount is to be paid and the total sum of all such amounts; (2) that the Institution has expended, or is expending, concurrently with the delivery of such certificate, such amount or amounts on account of costs incurred in connection with the repair, rebuilding or restoration of the Project Facility; (3) that all contractors, workmen and suppliers have been paid or will be paid through the date of such certificate from the funds to be disbursed; (4) that no Event of Default exists or any condition, event or act which, with notice or the lapse of time or both, would constitute an Event of Default; (5) that such Authorized Representative of the Institution has no knowledge of any vendor's Lien, mechanic's Lien or security interest which should be satisfied or discharged before the payment as requested is made or which will not be discharged by such payment; (6) that no certificate with respect to such expenditures has previously been delivered to the Disbursing Agent; and (7) that there remain sufficient moneys in the Insurance and Condemnation Fund attributable to the damage to, destruction of, or taking of the Project Facility to complete the repair, rebuilding or restoration of the Project Facility. Each such request shall be accompanied by bills, invoices or other evidences reasonably satisfactory to the Disbursing Agent. The Disbursing Agent shall be entitled to rely on such request.

(E) Upon completion of the repair, rebuilding or restoration of the Project Facility, an Authorized Representative of the Institution shall deliver to the Issuer, the Disbursing Agent and the Holder a certificate stating (1) the date of such completion, (2) that all labor, services, materials and supplies used therefor and all costs and expenses in connection therewith have

been paid, (3) that the Project Facility has been restored to substantially its condition immediately prior to the damage or Condemnation thereof, or to a condition of at least equivalent value, operating efficiency and function, (4) that the Institution has good and valid title to all Property constituting part of the restored Project Facility, and that the Project Facility is subject to the Installment Sale Agreement and the lien of the Mortgage, (5) the applicable Rebate Amount with respect to the Net Proceeds of the insurance settlement or Condemnation award and the earning thereof (with a statement as to the determination of the Rebate Amount and a direction to the Disbursing Agent of any transfer to the Rebate Fund), and (6) that the restored Project Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate may state (a) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (b) that it is given only for the purposes of this Section 406, and (c) that no Person other than the Issuer, the Disbursing Agent or the Holder may benefit therefrom. Such certificate shall be accompanied by a certificate of occupancy, if required, and any and all permissions, licenses or consents required of Governmental Authorities for the occupancy, operation and use of the Project Facility for its intended purposes.

(F) All earnings on amounts held in the Insurance and Condemnation Fund may be used to pay the cost of the restoration of the Project Facility upon satisfaction of the conditions contained in this Section 406. All moneys which remain in the Insurance and Condemnation Fund after the receipt by the Holder of the items required by subsection (E) hereof shall be applied as provided in Section 7.1(C) and 7.2(D) of the Installment Sale Agreement.

(G) If the cost of the repairs, rebuilding or restoration effected by the Institution shall be less than the amount in the Insurance and Condemnation Fund, then on the completion of such repairs, rebuilding or restoration, the Disbursing Agent shall apply such difference to prepay the Bond.

(H) If the cost of the repair, rebuilding or restoration of the Project Facility shall be in excess of the moneys held in the Insurance and Condemnation Fund, the Institution shall deposit such additional moneys in the Insurance and Condemnation Fund as are necessary to pay the cost of completing such repair, rebuilding or restoration. The Disbursing Agent may withhold any disbursement from the Insurance and Condemnation Fund until the Institution shall make such deposit.

(I) Notwithstanding the foregoing, in no event shall the Disbursing Agent disburse the final ten percent (10%) of amounts deposited in the Insurance and Condemnation Fund until the Disbursing Agent shall have received the calculation of the Rebate Amount described in Section 408 hereof determined in accordance with the Tax Regulatory Agreement from the Institution together with, if any rebate is due, either directions (1) to transfer the Rebate Amount from the Insurance and Condemnation Fund to the Rebate Fund, or (2) to pay the Rebate Amount with amounts deposited in the Rebate Fund.

SECTION 407. INVESTMENT OF MONEYS. (A) Moneys held in the funds established pursuant to Section 402 hereof shall be invested and reinvested by the Disbursing Agent in

Authorized Investments as the Institution shall direct in writing, or orally, if promptly confirmed in writing, except that the Disbursing Agent need not make an investment which would, in its opinion, result in insufficient uninvested funds being available to meet anticipated requests for disbursement. In making any such investment the Disbursing Agent may rely conclusively on the written directions of the Institution delivered to it pursuant to this Section 407 and the Disbursing Agent shall be relieved of all liability with respect to the making of such investments in accordance with such directions. Such investments shall mature in such amounts and have maturity dates or be subject to redemption at the option of the Disbursing Agent on or prior to the date on which the amounts invested therein will be needed. The Disbursing Agent may at any time sell or otherwise reduce to cash a sufficient amount of such investments whenever the cash balance in any fund is insufficient in the sole reasonable judgment of the Disbursing Agent for the purposes thereof. Any such investments shall be held by or under control of the Disbursing Agent and shall be deemed at all times a part of the fund from which the moneys to acquire such investment was taken. The interest accruing on the Project Fund and any profit realized from investments of moneys held in the Project Fund shall be credited to and held in the Project Fund.

(B) Neither the Issuer nor the Disbursing Agent nor their respective members, directors, officers, agents or employees shall be liable for any depreciation in the value of any investment made pursuant to this Section 407 or for any loss arising from any such investment, except, in the case of the Disbursing Agent, as a result of willful misconduct or gross negligence.

SECTION 408. REBATE FUND. (A) The Disbursing Agent, upon the receipt of a certificate of the Rebate Amount from an Authorized Representative of the Institution, shall deposit in a subaccount in the Rebate Fund (the "Rebate Fund Principal Subaccount"), within thirty (30) days after the end of each Bond Year commencing with the first Bond Year, an amount such that the amount held in the Rebate Fund Principal Subaccount after such deposit is equal to the Rebate Amount calculated as of the last day of the prior Bond Year. If there has been delivered to the Disbursing Agent a certification of the Rebate Amount in conjunction with the completion of the Project of the restoration of the Project Facility pursuant to Section 4.4 of the Installment Sale agreement or Section 406(E) hereof at any time during a Bond Year, the Disbursing Agent shall deposit in the Rebate Fund Principal Subaccount upon receipt of such certification an amount such that the amount held in the Rebate Fund Principal Subaccount after such deposit is equal to restoration of the Project Facility. The amount to be deposited in the Rebate Fund shall be withdrawn from the earnings subaccount of the fund or funds designated by the Institution, or in the event that the amounts held in such earnings subaccounts are less than the Rebate Amount, the amount to be deposited shall be withdrawn from the fund or funds designated by the Institution or from other moneys made available by the Institution.

(B) Amounts on deposit in the Rebate Fund Principal Subaccount shall be invested in accordance with the provisions of Section 407 hereof and the Tax Regulatory Agreement. All income from such investments shall be deposited in a subaccount in the Rebate Fund (the "Rebate Fund Earnings Subaccount") and paid to the United States on the date of any payment made pursuant to Section 408(D) hereof.

(C) In the event that on the first day of any Bond Year, after the calculation of the Rebate Amount, the amount on deposit in the Rebate Fund Principal Subaccount exceeds the Rebate Amount, the Disbursing Agent, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Fund prior to the Completion Date, or, after the Completion Date, apply such amounts to the payment of principal and interest due on the Bond on the next following Bond Payment Date.

(D) The Disbursing Agent, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States, from amounts on deposit in the Rebate Fund or from other moneys supplied by the Institution, (1) not less frequently than once every five (5) years after the date of original issuance of the Bond, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to the Bond as of the date of such payment plus all amounts then held in the Rebate Fund Earnings Subaccount, and (2) not later than thirty (30) days after the date on which the Bond has been paid in full, one hundred percent (100%) of the Rebate Amount as of the date of such payment plus all amounts then held in the Rebate Fund Earnings Subaccount.

(E) This Section 408 may be amended without notice to, or consent of the Holder at the request of the Institution to comply with the applicable regulations of the Treasury Department upon the delivery by the Institution to the Disbursing Agent of an opinion of Bond Counsel that such amendment will not adversely affect the tax-exempt status of the interest payable on the Bond.

**SECTION 409. ACCESS TO PROJECT FACILITY BY HOLDER.** The Holder and its agents shall, at all times during construction, have the right of entry and free access to the Project Facility to inspect all work done, labor performed and materials furnish and to inspect all books and records of the Issuer and the Institution in connection with the loan evidenced by the Bond.

**SECTION 410. LIEN ON FUNDS.** The Issuer and the Institution hereby assign and grant to the Holder a Lien upon and security interest in the Project Fund, the Insurance and Condemnation Fund and any other fund or account established pursuant to Section 402 hereof (except the Rebate Fund) and all investments made pursuant to Section 407 hereof as security for the payment of the principal of, premium, if any, and interest on the Bond and all sums payable pursuant to this Bond Purchase Agreement.

## ARTICLE V

### REPAYMENT BY ISSUER

SECTION 501. PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST. (A) The Issuer shall pay the principal of, and the premium, if any, and interest on, the Bond in accordance with the provisions thereof, but solely to the extent provided in Section 503 hereof.

(B) In the event any payment of the principal of, or premium, if any, or interest on, the Bond is not paid within fifteen (15) days of the date when due, the Issuer, subject to the limitations contained in Section 503 hereof, shall pay the same, together with a late charge in an amount equal to five percent (5%) of any such overdue payment.

SECTION 502. PREPAYMENT OF THE BOND. The unpaid principal amount of the Bond may be prepaid only according to the terms and conditions provided in the Bond.

SECTION 503. SPECIAL OBLIGATIONS. (A) The Bond, together with interest thereon and the obligations of the Issuer contained in this Bond Purchase Agreement and in the other Financing Documents, shall constitute special obligations of the Issuer, and the principal of, and the premium, if any, and interest on, the Bond and all other charges payable by the Issuer pursuant to this Bond Purchase Agreement and such other Financing Documents shall be payable solely from the revenues of the Issuer derived and to be derived from the Installment Sale Agreement (except for revenues derived and to be derived in connection with the Unassigned Rights), and any sale or other disposition of the Project Facility.

(B) NEITHER THE MEMBERS, OFFICERS, AGENTS (OTHER THAN THE INSTITUTION), SERVANTS OR EMPLOYEES OF THE ISSUER, NOR ANY PERSON EXECUTING THE BOND, SHALL BE LIABLE PERSONALLY THEREON OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE, SALE OR DELIVERY THEREOF OR BE LIABLE PERSONALLY HEREON OR THEREON OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BASED HEREON OR THEREON. THE BOND, AND THE PREMIUM, IF ANY, AND INTEREST THEREON, ARE NOT, AND SHALL NOT BE DEEMED TO CONSTITUTE, A DEBT OF THE STATE OF NEW YORK, ALBANY COUNTY, NEW YORK OR ANY POLITICAL SUBDIVISION OR PUBLIC BENEFIT CORPORATION THEREOF (OTHER THAN THE ISSUER), AND NEITHER THE STATE OF NEW YORK, ALBANY COUNTY, NEW YORK NOR ANY SUCH POLITICAL SUBDIVISION OR PUBLIC BENEFIT CORPORATION (OTHER THAN THE ISSUER) SHALL BE LIABLE THEREON.

(C) All payments made by or on behalf of the Institution to the Holder or to its successors or assigns as holder of the Bond, or upon its or their order, pursuant to this Bond Purchase Agreement or any other Financing Document or any other security for the Bond shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the Issuer for monies payable upon the Bond or pursuant to this Bond Purchase Agreement and the other

Financing Documents, as the case may be. The Holder agrees, within ten (10) days after the receipt of a request for same, to give the Issuer and the Institution a written statement of the then current unpaid principal balance of the Bond.

SECTION 504. DEFEASANCE. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, the Indebtedness, then this Bond Purchase Agreement and all covenants, agreements and other obligations of the Issuer hereunder, and the liens and security interests created by this Bond Purchase Agreement and the other Financing Documents shall thereupon terminate and be discharged and satisfied, and thereupon all the monies and properties of the Issuer then subject to such liens and security interests shall be free and clear thereof. In such event, the Holder shall execute and record or file, at the expense of the Institution, all documents reasonably requested by the Issuer to effect such discharge and satisfaction.

SECTION 505. ADDITIONAL AMOUNTS PAYABLE FOLLOWING AN EVENT OF TAXABILITY. (A) If an Event of Taxability shall occur, the Issuer shall, subject to the limitations contained in Section 503 hereof, pay to the Holder the following additional amounts with respect to the Bond:

(1) On or before each Interest Payment Date on the Bond, the Issuer shall pay accrued interest on the Bond calculated at the Taxable Rate.

(2) Within seven (7) business days after demand by the Holder, regardless of whether such demand shall be made prior to or at the maturity of the Bond or subsequent to payment in full of the Bond, the Issuer shall pay the following additional amounts:

(a) an amount equal to the difference between (i) the interest payments that would have been payable on the Bond had such interest payments been calculated from the date such interest was deemed to be includable in the gross income of the Holder for federal income tax purposes at the Taxable Rate, as such Taxable Rate may have varied from time to time during such period and (ii) the amount of such interest payments actually made, plus

(b) the amount of penalties, additions to tax or interest assessed against the Holder on account of the inclusion of the interest payments on the Bond in the Holder's gross income for federal income tax purposes.

(B) If an Event of Taxability shall occur following the payment in full of the principal of, premium, if any, and interest on the Bond, the Holder shall give notice to the Institution of such Event of Taxability and, within thirty (30) days after receipt thereof, the Institution shall pay to the Holder an amount equal to one hundred percent (100%) of all amounts payable by the Issuer to the Holder pursuant to subsection (A) hereof.

(C) The obligations of the Issuer and the Institution under this Section 505 shall survive the payment in full of all sums due under the Bond and this Section 505 and shall continue in full force and effect until sixty (60) days after all applicable statutes of limitation have run (after



taking into account all extensions and suspensions thereof) in respect of any taxable year during which any payment of interest on the Bond was received or accrued.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

SECTION 601. EVENTS OF DEFAULT DEFINED. (A) The following shall constitute Events of Default hereunder:

(1) A default occurs in the due and punctual payment of the principal, interest and premium, if any, or any other sum due on the Bond or any other amounts specified to be paid herein;

(2) Other than as provided in Paragraphs (1) or (3) of this Section 601(A), the failure of the Issuer or the Institution to comply with any of the covenants, conditions or agreements made, or to be observed, by either of them in this Bond Purchase Agreement for a period of thirty (30) days after notice specifying such failure and requesting that it be remedied is given in writing to the Issuer and the Institution, provided that if such default cannot reasonably be cured within said thirty-day period and the Issuer or the Institution shall have commenced action to cure the breach of covenant within said thirty-day period and, thereafter, diligently and expeditiously proceeds to cure the same, such thirty-day period shall be extended for so long as the Issuer or the Institution shall require, in the exercise of due diligence, to cure such default;

(3) Any representation or warranty made by the Issuer or the Institution herein or in any other instrument or document delivered by the issuer or the Institution to the Holder in connection with the sale of the Bond provides to be false or misleading in any material respect at the time it was made;

(4) An Event of Default shall occur under any of the other Financing Documents;

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

(6) Any sale, conveyance, lease agreement or any other change of ownership of the Project Facility, whether occurring voluntarily or involuntarily, or by operation of law or otherwise, by the Issuer or the Institution (except pursuant to the Installment Sale Agreement) of their respective interest in the Project Facility or any part thereof or the granting of any easements or restrictions or the permitting of any encroachments on the Project Facility (except as permitted in the Installment Sale Agreement);

(7) (a) The filing by the Institution (as debtor) of a voluntary petition under Title 11 of the United States Code or any other federal or state bankruptcy statute, (b) the failure by the Institution within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair the Institution's ability to carry out its obligations hereunder, (c) the commencement of a case under Title 11 of the United States Code against the Institution as the debtor or commencement under any other

federal or state bankruptcy statute of a case, action or proceeding against the Institution and continuation of such case, action or proceeding without dismissal for a period of sixty (60) days, (d) the entry of an order for relief by a court of competent jurisdiction under Title 11 of the United States Code or any other federal or state bankruptcy statute with respect to the debts of the Institution, or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the of the Institution, unless such order, judgment or decree is vacated, dismissed or dissolved within sixty (60) days of such appointment;

(8) The imposition of a Lien on the Project Facility, other than a Permitted Encumbrance;

(9) The removal of the Equipment, or any portion thereof, outside Albany County, New York, without the prior written consent of the Issuer and the Holder, other than in connection with a removal under Section 9.4(C) of the Installment Sale Agreement;

(10) If, without the consent of the Holder, any leases affecting the Project Facility are made, canceled or materially modified or if any portion of the rents of the Mortgaged Property is paid for a period of more than one (1) month in advance or if any of the rents of the Mortgaged Property are further assigned; or if the Institution shall assign the rents or any part of the rents of the Mortgaged Property without first obtaining a written consent of the Holder to such assignment, or upon the actual or threatened demolition, removal or material alteration, without like consent, of any building erected or to be erected upon said premises; or

(11) If the Institution shall make an assignment for the benefit of creditors.

(B) The Institution will furnish to the Holder, within seven (7) days after becoming aware of the existence of any condition or event which constitutes a Default or an Event of Default, written notice specifying the nature and period of existence thereof and the action which the Institution is taking or proposes to take with respect thereto.

SECTION 602. REMEDIES ON DEFAULT. (A) Whenever any Event of Default shall have occurred, the Holder may, in its sole discretion, by written notice to the Issuer and the Institution, (1) terminate its obligation to disburse money under the Bond, and/or (2) purchase materials, employ workmen to protect the Project Facility and/or complete the Project Facility according to the Plans and Specifications, and/or (3) declare the unpaid principal of and the interest on the Bond to be forthwith due and payable, together with any premium payable thereon, whereupon the same shall become forthwith due and payable without protest, presentment, notice or demand, all of which, to the extent permitted by law, are expressly waived by the Issuer and the Institution, and/or (4) exercise any of the remedies available to the Holder under the terms of the Financing Documents or the Act or in law or at equity. All Bond Proceeds paid or expended under this Section 602 shall be deemed disbursements to the Institution and shall be secured by the Financing Documents. The Holder may at any time extend the payment of the Loan

evidenced by the Bond, and any extension so granted shall be deemed to be made pursuant to this Bond Purchase Agreement and not in modification thereof.

(B) Any sums paid to the Issuer as a consequence of any action taken pursuant to this Section 602 (excepting sums payable to the Issuer as a consequence of action taken to enforce the Unassigned Rights) shall be paid to the Holder and applied in accordance with the provisions of the Financing Documents.

(C) All costs and expenses incurred by the Holder in remedying such default or in appearing in, defending, or bringing any such action or proceeding shall be paid by Company to the Holder upon demand, with interest at the Default Interest Rate for the period after notice from the Holder that such costs or expenses were incurred to the date of payment to the Holder.

(D) The Holder, upon the actual or threatened waste to any part of the Mortgaged Property or upon the occurrence of any default under the Financing Documents, shall be at liberty, without notice, to apply for the appointment of a receiver of the rents of the Mortgaged Property, and shall be entitled to the appointment of such receiver as a matter of right, without regard to the value of the Mortgaged Property as security for the Indebtedness, or the solvency or insolvency of any person then liable for the payment of the Indebtedness.

(E) No action taken pursuant to this Section 602 (including repossession of the Project Facility) shall relieve the Institution from its obligations to make all payments required by this Bond Purchase Agreement and/or the other Financing Documents.

SECTION 603. REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Holder is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Bond Purchase Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article VI, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 604. WAIVERS; NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. The parties hereto may at any time and from time to time waive any one or more of the conditions contained herein, but any such waiver shall be deemed to be made in pursuance hereof and not in modification hereof; and any such waiver in any instance or under any particular circumstances shall not be considered a waiver of such condition in any other instance or any other circumstances.

## ARTICLE VII

### DISBURSING AGENT

SECTION 701. APPOINTMENT OF DISBURSING AGENT AND BOND REGISTRAR, AND ACCEPTANCE OF DUTIES. (A) The Holder is hereby appointed as Disbursing Agent and bond registrar ("Bond Registrar"). The Disbursing Agent and Bond Registrar shall signify their acceptance of the duties and obligations of the Disbursing Agent or the Bond Registrar by executing the Bond Purchase Agreement.

(B) The acceptance by the Disbursing Agent and the Bond Registrar of the duties imposed upon them by this Article and under Section 8 of the Bond and their agreement to perform said duties is subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Article against either the Disbursing Agent or the Bond Registrar:

(1) The Disbursing Agent and the Bond Registrar undertake to perform such duties and only such duties as are specifically set forth in this Article and under Section 8 of the Bond;

(2) The Disbursing Agent or the Bond Registrar may execute any of the powers conferred upon them in this Article and perform any of their respective duties by or through attorneys, agents or employees and may in all cases pay such reasonable compensation to all such attorneys and agents as may reasonably be employed in connection herewith;

(3) The Disbursing Agent and the Bond Registrar shall be protected in acting in good faith upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper Person or Persons;

(4) The permissive right of the Disbursing Agent and the Bond Registrar to do things enumerated in this Article and under Section 8 of the Bond shall not be construed as a duty and the Disbursing Agent or the Bond Registrar shall not be answerable for other than their respective gross negligence or willful default;

(5) For so long as the Holder is both the Holder and the Disbursing Agent, the Disbursing Agent shall be deemed to have notice of any Event of Default of which the Holder has notice;

(6) All moneys received by the Disbursing Agent shall be held in the funds herein provided for the purpose for which they were received, but need not be segregated from other moneys held by the Disbursing Agent except to the extent required by this Article

or by law. The Disbursing Agent shall not be liable for interest on any moneys received hereunder;

(7) Neither the Disbursing Agent nor the Bond Registrar shall be required to give any bond or surety in respect of the execution of the duties and powers intended to be conferred upon them in this Article or otherwise in respect of the premises; and

(8) The Disbursing Agent shall not make any assignment or transfer of the interests granted to the Disbursing Agent under this Article, except as specifically provided for herein.

(C) In consideration of the acceptance by the Disbursing Agent and the Bond Registrar of their respective duties hereunder and under the Financing Documents, the Institution hereby agrees to reimburse the Disbursing Agent and the Bond Registrar for reasonable expenses incurred by the Disbursing Agent and the Bond Registrar in connection with their services hereunder or under Section 8 of the Bond, as the case may be, and to indemnify the Disbursing Agent and the Bond Registrar against any liabilities and other expenses which either of them may incur in the due and proper exercise and performance of their powers and duties hereunder.

SECTION 702. MERGER OR CONSOLIDATION OF DISBURSING AGENT OR BOND REGISTRAR. Any corporation or association into which the Disbursing Agent or the Bond Registrar may be converted or merged, or with which either of them may be consolidated, or to which either of them may sell or transfer its assets as a whole or substantially as a whole, or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Disbursing Agent or Bond Registrar, as the case may be, hereunder and shall be vested with all the powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument of any further act, deed or conveyance on the part of any of the parties hereto.

SECTION 703. RESIGNATION BY DISBURSING AGENT OR BOND REGISTRAR. The Disbursing Agent or the Bond Registrar and any successor Disbursing Agent or Bond Registrar may, at any time, resign as Disbursing Agent or Bond Registrar, as the case may be, and be discharged of its duties and obligations under this Article by giving not less than sixty (60) days written notice to the Issuer, the Institution and the Holder, who, with the consent of the Issuer, shall designate a successor Disbursing Agent or Bond Registrar, as the case may be, within fifteen (15) days of receipt of said notice; provided, however, that in no event shall such a resignation take effect until a successor Disbursing Agent or Bond Registrar, as the case may be, has been appointed by the Holder. Any successor Disbursing Agent or Bond Registrar appointed hereunder shall be a banking corporation, trust company or bank which is authorized to undertake the duties and to exercise the rights and powers intended to be conferred upon it by this Article.

## ARTICLE VIII

### MISCELLANEOUS

SECTION 801. INSTITUTION TO PAY EXPENSES. (A) In addition to the commitment fee referred to in Section 302(A)(1) hereof, the Institution shall pay all costs and expenses in connection with the transactions contemplated herein, including, but not limited to: (1) the legal fees and disbursements of Holder's counsel and Issuer's counsel; (2) all survey costs; (3) all title charges the Title Insurer; (4) all recording and/or filing fees for all documents which Holder's counsel may require to be recorded or filed; and (5) all other costs and expenses required to satisfy the conditions of the Commitment, including any fee or charge of the Holder.

(B) Additionally, the Institution shall pay for all costs of collection including reasonable counsel fees and disbursements upon the occurrence of an Event of Default under this Bond Purchase Agreement, whether or not an action or proceeding is commenced, and shall pay for all costs and expenses relating to any modification or amendment of any of the documents delivered in connection with the transactions contemplated by this Bond Purchase Agreement.

SECTION 802. RECORDING AND FILING. (A) The Issuer shall record or file or cause to be recorded or filed, as the case may be, at the Institution's expense, the Deed to Issuer, this Bond Purchase Agreement, the Installment Sale Agreement (or a memorandum thereof), the Pledge and Assignment, the Mortgage, and all other security instruments and financing statements reasonably requested by the Holder with respect to the Bond in such manner and in such places as may be required by law to perfect the liens and security interests contemplated herein and therein.

(B) The Holder is authorized to file all security instruments, including without limitation continuation statements under the Uniform Commercial Code of the State of New York, in such manner and in such places as may be required by law to protect and maintain in force all such liens and security interests. The Issuer and the Institution hereby authorize the Holder to file such instruments and statements without execution thereof by the Issuer or the Institution.

SECTION 803. NOTICES. (A) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (1) sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (2) delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

If to the Institution:

La Salle School  
391 Western Avenue  
Albany, New York  
Attention: Mr. William Wolff, Executive Director

With a Copy to:

Tobin and Grifferty, PC  
One Executive Centre Drive  
Albany, New York  
Attention: Stephen J. Grifferty, Esq.

If to the Issuer:

Albany County Industrial Development Agency  
112 State Street, Room 1116  
Albany, New York 12207  
Attention: Chairman

With a Copy to:

Dennis A. Feeney, Esq.  
Agency Counsel  
Albany County Industrial Development Agency  
112 State Street, Room 1116  
Albany, New York 12207

And a Copy to:

A. Joseph Scott, III, Esq.  
Hodgson Russ LLP  
3 City Square  
Albany, New York 12207

If to the Holder:

The Troy Savings Bank  
Hedley Park Place  
433 River Street  
Troy, New York 12180  
Attention: Mr. Peter Cosgrove, Vice President



With a Copy to:

Martin, Shudt, Wallace, DiLorenzo  
& Johnson  
The Dauchy Building  
279 River Street  
Troy, New York 12181  
Attention: Kirby W. DiLorenzo, Esq.

(B) The Issuer, the Institution and the Holder, may by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

SECTION 804. AMENDMENT. This Bond Purchase Agreement may not be amended, changed, modified, altered or terminated except by written instrument executed and delivered by the parties hereto.

SECTION 805. BINDING EFFECT. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Bond Purchase Agreement or the Bond is intended or shall be construed to give to any Person, other than the parties hereto, and their successors and assigns, any right, remedy or claim under or with respect to this Bond Purchase Agreement or any covenants, conditions and provisions herein contained. This Bond Purchase Agreement and all of the covenants, conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their successors and assigns as herein provided.

SECTION 806. EXECUTION OF COUNTERPARTS. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 807. APPLICABLE LAW. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 808. NO RECOURSE; SPECIAL OBLIGATION. (A) All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Bond Purchase Agreement, in the Bond, in the other Financing Documents executed by the Issuer and in the other documents and instruments connected herewith or therewith, and in any documents supplemental thereto (collectively, the "Financing Documents") shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse under or upon any obligation, covenant or agreement in the Financing Documents contained or otherwise based upon or in respect of the Financing Documents, or for any claim based hereon or thereon or otherwise in respect hereof or thereof, shall be had against any past, present or future member, director, officer, agent, servant or employee, as such, of the Issuer or of any successor

public benefit corporation or political subdivision or any Person executing any of the Financing Documents on behalf of the Issuer, either directly or through the Issuer or any successor public benefit corporation or political subdivision or any Person so executing any of the Financing Documents on behalf of the Issuer, it being expressly understood that the Financing Documents and the Bond issued thereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, any such member, director, officer, agent, servant or employee of the Issuer or of any successor public benefit corporation or political subdivision or any Person so executing any of the Financing Documents on behalf of the Issuer because of the creation of the indebtedness thereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Financing Documents or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such member, director, officer, agent, servant or employee because of the creation of the indebtedness authorized by the Financing Documents, or under or by reason of the obligations, covenants or agreements contained in the Financing Documents or implied therefrom, are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of the Financing Documents and the issuance, sale and delivery of the Bond.

(B) The obligations and agreements of the Issuer contained herein shall not constitute or give rise to an obligation of the State of New York or Albany County, New York, and neither the State of New York nor Albany County, New York shall be liable thereon, and further such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute limited obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the lease, sale or other disposition of the Project Facility (except for revenues derived by the Issuer with respect to the Unassigned Rights).

(C) Notwithstanding any provision of this Bond Purchase Agreement to the contrary, no order or decree of specific performance with respect to any of the obligations of the Issuer hereunder shall be sought or enforced against the Issuer unless (1) the party seeking such order or decree shall first have requested the Issuer in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Issuer shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten [10] days, shall have failed to institute and diligently pursue action to cause compliance with such request within such ten [10] day period) or failed to respond within such notice period, (2) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Issuer an amount or undertaking sufficient to cover such reasonable fees and expenses, and (3) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Institution) or employees shall be subject to potential liability, the party seeking such order or decree shall (a) agree to indemnify, defend and hold harmless the Issuer and its members, officers, agents (other than the Institution) and employees against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Issuer, furnish to the Issuer satisfactory security to protect the Issuer and its members, officers, agents (other than the

Institution) and employees against all liability expected to be incurred as a result of compliance with such request.

SECTION 809. HEADINGS AND TABLE OF CONTENTS. The table of contents and the headings of the several sections in this Bond Purchase Agreement have been inserted for the convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Bond Purchase Agreement.

SECTION 810. SEVERABILITY. (A) If any provision of this Bond Purchase Agreement shall, for any reason, be held or shall, in fact, be inoperative or unenforceable in any particular case, such circumstances shall not render the provision in question inoperative or unenforceable in any other case or circumstance or render any other provision herein contained on any provision of any of the other Financing Documents inoperative or unenforceable.

(B) The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections in this Bond Purchase Agreement shall not affect the remaining portion of this Bond Purchase Agreement or any part thereof.

IN WITNESS WHEREOF, the Issuer, the Institution and the Holder have caused this Bond Purchase Agreement to be executed in their respective names by duly authorized officers thereof, and the parties hereto have caused this Bond Purchase Agreement to be dated as of the day and year first above written.

ALBANY COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

BY: *Joseph J. Reddick*  
(Vice) Chairman

THE TROY SAVINGS BANK,  
as Holder and as Disbursing Agent

BY: *Peter Cosgrove*  
Authorized Officer

LA SALLE SCHOOL

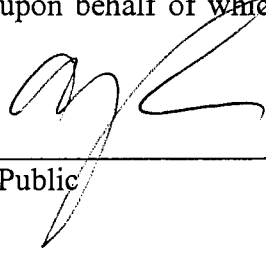
BY: *William C. Maff*  
Authorized Officer

STATE OF NEW YORK)

:ss.

COUNTY OF ALBANY)

On the 4th day of December, in the year 2002, before me, the undersigned personally appeared FOWLER J. RIDDICK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



---

Notary Public

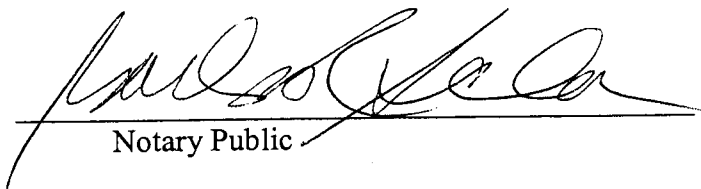
A. JOSEPH SCOTT III  
Notary Public, State of New York  
Qualified in Albany County  
Commission Expires Dec. 31, 2006

STATE OF NEW YORK)

:ss.

COUNTY OF ALBANY)

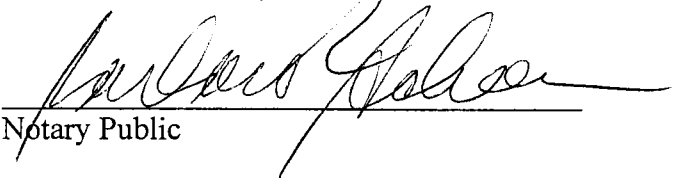
On the 5th day of December, in the year 2002, before me, the undersigned personally appeared PETER COSGROVE, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

  
Notary Public

BARBARA R. SCHEUERMANN  
Notary Public, State of New York  
Qualified in Albany County  
No. 02SC4805664  
Commission Expires September 30, 2006

STATE OF NEW YORK     )  
                                  ) ss:  
COUNTY OF ALBANY     )

On the 5<sup>TH</sup> day of December in the year 2002 before me, the undersigned, a notary public in and for said state, personally appeared WILLIAM C. WOLFF, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

  
Notary Public

BARBARA R. SCHEUERMANN  
Notary Public, State of New York  
Qualified in Albany County  
No. 02SC4805664  
Commission Expires September 30, 2006

SCHEDULE I  
COPY OF THE COMMITMENT



# The Troy Savings Bank

120 STATE STREET  
ALBANY, NEW YORK 12207  
(518) 433-2021

PETER K. COSGROVE  
VICE PRESIDENT  
COMMERCIAL LENDING

November 19, 2002

## REVISED

Mr. William C. Wolff  
Executive Director  
La Salle School  
391 Western Avenue  
Albany, New York 12203

Dear Bill:

I am pleased to inform you that The Troy Savings Bank has approved a credit commitment on behalf of La Salle School. The specific conditions of this commitment are as follows:

### LOAN TYPES:

- The purchase of a \$3,500,000 secured Civic Facility Revenue Bond repayable over ten years with a twenty year amortization upon completion of construction advances.
- If necessary, to provide construction advances out of a disbursement account to be funded with the proceeds of the purchased Civic Facility Revenue Bond. Any construction period advances will be made over a period not to exceed nine months.

### PURPOSE:

- The bond proceeds will refinance existing debt with TSB of approximately \$1,820,000 and provide new money of \$1,680,000 to fund the renovation of the Tower residence building and other related costs.

### RATE:

- The offered rate on the bond will be equal to the equivalent term Federal Home Loan Bank rate + 2.20% in effect the week of closing. Assuming this bond issue is deemed to be tax-exempt to the bank, La Salle will pay the tax-exempt equivalent rate. As of today's date the tax-exempt rate would be 4.68% fixed for ten years.

**TERMS OF REPAYMENT:**

- The bond will be repaid over ten years based on a twenty year amortization. Repayment will commence upon the completion of construction advances, or nine months after closing, whichever occurs sooner.
- Any construction period advances will be billed monthly on an interest only basis over a period not to exceed nine months.

**COLLATERAL:**

- The bond issue would be secured by a first mortgage against the La Salle campus.

**GUARANTOR:**

The loan would be guaranteed by La Salle School Foundation until such time as the bond principal has been reduced by \$1,000,000.

In addition the guaranty will be collateralized by the pledge of \$1,000,000 in liquid assets in a form acceptable to the bank. These pledged funds will be required until such time as the higher interest expense associated with the bond issue is reflected in the state reimbursement rate received by La Salle.

The bank will allow withdrawals of up to \$250,000 from these pledged funds to be used to augment debt service or for capital expenditures.

**MAJOR TERMS AND CONDITIONS:**

- Annual CPA prepared audited financial statements on the borrower.
- Semi-annual company prepared financial statements on the borrower.
- Satisfactory MAI quality appraisal on the real property to be encumbered.
- Satisfactory Phase one Environmental Site Assessment.
- There would be a prepayment penalty on the mortgage loan (bond) for the first three years equal to 3%, 2%, and 1% respectively. This fee would only be imposed in the event the mortgage loan was repaid through a refinance at another financial institution.
- Receipt of written opinion of borrower's counsel and bond counsel that this credit facility is designated and qualified as a tax-exempt bond to The Troy Savings Bank.
- In the event of construction financing, each advance will be based on the submission of an architect's AIA certificate with an accompanying title rundown.
- Maintenance of primary banking relationship with The Troy Savings Bank.
- Any other terms and conditions as the bank may reasonably impose.


You will be expected to absorb all costs associated with the closing of this transaction, including all filing and recording fees, plus the fees and disbursements of our attorneys in connection with this closing.

Not every provision setting forth each and every obligation, requirement, limitation, or condition to be contained in the loan documents can be set forth in this letter. We reserve the right to include such provisions in the loan documentation as we or our attorneys reasonably deem appropriate to secure the subject loan. Any failure by The Troy Savings Bank to reach an agreement on any such provision shall not be construed as a breach of this letter by The Troy Savings Bank. Should the bank become aware of any material change to the credit applicant, or should any other adverse development become known to the bank regarding the credit applicant, the bank reserves the right to withdraw this commitment. Such a determination shall be at the sole discretion of the bank.

If this commitment is acceptable to you, please acknowledge your acceptance of the terms and conditions within thirty days from the date hereof and return a copy of this letter to my attention. After thirty days has expired, this commitment will be deemed null and void. After that time this commitment may only be extended at the discretion of the bank.

We at The Troy Savings Bank are pleased to submit this financing commitment to La Salle School and we value our ongoing relationship with your institution. Should you have any questions or comments on any of the information contained in this letter do not hesitate to contact me.

Sincerely,

  
Peter K. Cosgrove  
Vice President

The terms and conditions as outlined are hereby accepted:.

Borrower: La Salle School

By: William C Wolff

As Its: EXECUTIVE VICE-PRESIDENT

Date: 12/05/02

Guarantor: La Salle School Foundation

By: William C Wolff

As Its: EXECUTIVE VICE-PRESIDENT

Date: 12/05/02

EXHIBIT A  
DESCRIPTION OF THE LAND

[See Attached]

## SCHEDULE A - DESCRIPTION

Policy No. 2203- 69501
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The land referred to in this Commitment is described as follows:

**ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND** situate on the north side of Western Avenue in the City and County of Albany and State of New York, which premises are more particularly bounded and described as follows:

BEGINNING at the point of intersection of the north line of Western Avenue with the west line of Partridge Street and running from said point of beginning Westerly along said north line of Western Avenue for a distance of Seven hundred fifty and seventy six hundredths (750.76) feet to the point of intersection of the east line of LaSalle Street (formerly Erie Street) with said north line of Western Avenue; running thence Northeasterly with an interior angle of 75 deg. 14' 39" along LaSalle Street for a distance of 440.96 feet to a point; running thence Southeasterly with an interior angle of 90 degrees for a distance of 726 feet to a point in the west line of Partridge Street; running thence Southwesterly with an interior angle of 90 degrees for a distance of 294.74 feet to the point or place of beginning. Said last course forming an interior angle of 104 deg. 45' 21" with the course first hereinabove described.

Excepting the premises described as follows:

**ALL THAT CERTAIN PARCEL OF LAND** situate in the City of Albany, County of Albany and State of New York, being more particularly bounded and described as follows:

BEGINNING at a point in the westerly bounds of O'Leary Boulevard, said point being located 20.00 feet northerly as measured along the westerly bounds of O'Leary Boulevard from its intersection with the northerly bounds of Western Avenue; thence from said point of beginning, running through the lands now or formerly of LaSalle School as described in Book 2114 of Deeds at Page 1001 the following 13 (thirteen) courses and distances:

1. Westerly, making an interior angle of 90°-00'-00" with the westerly bounds of O'Leary Boulevard a distance of 66.00 feet to a point;
2. Northerly, making an interior angle of 90°-00'-00" with the last described course a distance of 49.00 feet to a point;
3. Northerly, making an interior angle of 193°-02'-34" with the last described course a distance of 49.01 feet to a point;
4. Westerly, making an interior angle of 256°-57'-26" with the last described course a distance of 188.00 feet to a point;
5. Westerly, making an interior angle of 216°-16'-34" with the last described course a distance of 23.76 feet to a point;

6. Southerly, making an interior angle of  $233^{\circ}-46'-24''$  with the last described course a distance of 101.59 feet to a point;
7. Westerly, making an interior angle of  $89^{\circ}-57'-02''$  with the last described course a distance of 92.00 feet to a point;
8. Southerly, making an interior angle of  $270^{\circ}-00'-00''$  with the last described course a distance of 75.00 feet to a point;
9. Westerly, making an interior angle of  $90^{\circ}-00'-00''$  with the last described course a distance of 87.00 feet to a point;
10. Northerly, making an interior angle of  $90^{\circ}-00'-00''$  with the last described course a distance of 152.00 feet to a point;
11. Easterly, making an interior angle of  $107^{\circ}-23'-44''$  with the last described course a distance of 125.05 feet to a point;
12. Easterly, making an interior angle of  $162^{\circ}-36'-16''$  with the last described course a distance of 50.00 feet to a point;
13. Northerly, making an interior angle of  $270^{\circ}-00'-00''$  with the last described course a distance of 134.26 feet to a point;

Thence Easterly, along the north bounds of lands now or formerly of LaSalle School and making an interior angle of  $90^{\circ}-00'-00''$  with the last described course a distance of 293.80 feet to a point in the westerly bounds of O'Leary Boulevard; thence Southerly, along the westerly bounds of O'Leary Boulevard and making an interior angle of  $90^{\circ}-00'-00''$  with the last described course a distance of 229.74 feet to the point of beginning.

## EXHIBIT B

### DESCRIPTION OF THE EQUIPMENT

All articles of personal property, and all appurtenances thereto acquired with the proceeds of the Bond or any payment made by La Salle School (the "Institution") pursuant to Section 4.5 of the installment sale agreement dated as of December 1, 2002 (the "Installment Sale Agreement") by and between Albany County Industrial Development Agency and the Institution and recorded in the office of the County Clerk, Albany County, New York and now or hereafter attached to, contained in or used in connection with the Land (as defined in the Installment Sale Agreement) and/or the Facility (as defined in the Installment Sale Agreement) or placed on any part thereof, though not attached thereto, including, but not limited to, pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery; and together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor, and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.



EXHIBIT C

FORM OF BOND

THIS BOND HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THIS BOND MAY NOT BE TRANSFERRED OR PLEDGED EXCEPT UPON EITHER SUCH REGISTRATION OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY THAT REGISTRATION IS NOT REQUIRED AND THAT SUCH TRANSFER OR PLEDGE WILL NOT RESULT IN A VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED.

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY

TAX-EXEMPT CIVIC FACILITY REVENUE BOND  
(LA SALLE SCHOOL PROJECT), SERIES 2002A

NO.: R-1

PRINCIPAL AMOUNT: \$3,500,000

DATE: December \_\_, 2002

MATURITY DATE: See Below

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Issuer"), a public benefit corporation of the State of New York (the "State"), acknowledges itself indebted and for value received does hereby promise to pay, but solely from the sources and as hereinafter provided, to THE TROY SAVINGS BANK, and its registered successors or assigns (the "Holder"), the principal sum of THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000), as follows:

SECTION 1. DEFINITION OF TERMS. (A) Except as defined in subsection (B) hereof, all capitalized terms used herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement.

(B) The following words and terms used in this Bond shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Bond Purchase Agreement" means the bond purchase and building loan agreement dated as of December 1, 2002 by and among the Issuer, the Institution and the Holder, setting forth, among other things, the terms and conditions under which disbursements will be made by the Disbursing Agent under this Bond, as said bond purchase agreement may be amended or supplemented from time to time.

"Bond Rate" means (A), prior to the occurrence of an Event of Taxability, the Tax-Exempt Rate, (B), subsequent to the occurrence of an Event of Taxability, the Taxable Rate and (C), subsequent to the occurrence of a Tax Change, the Tax Change Rate. At any time that the interest rate on this Bond is subject to change, the Holder shall inform the Institution of the monthly payments to be due on this Bond on or after the effective date of such change in interest rate, based upon the new interest rate on this Bond.

"Closing Date" means the date of the issuance and sale of the Bond to the Holder pursuant to the provisions of the Bond Purchase Agreement.

"Construction Period" as used herein means the period commencing on the Closing Date and ending on the earlier of (A) that date which is the first day of the ninth month following the Closing Date, or (B) the date on which the Institution notifies the Holder that the Project Facility has been substantially completed in accordance with the Bond Purchase Agreement.

"Default Interest Rate" means, with respect to this Bond, a per annum rate of interest equal to 3% above the Bond Rate then payable on this Bond.

"Event of Taxability" shall have the meaning assigned to such term in the Bond Purchase Agreement.

"Federal Home Loan Bank Rate" means that rate which is set forth on the Federal Home Loan Bank's website "www.fhlbny.com" in amortizing indicators for 10 and 20 years, or the equivalent thereof if such website is not available.

"Initial Rate" means 4.82%.

"Maturity Date" means the first day of the one hundred twentieth month following the first day of the Permanent Period.

"Permanent Period" means the period commencing on the day after the end of the Construction Period and ending on the Maturity Date.

"Principal Balance" means the outstanding balance on the Bond from time to time.

"Redemption Price" means in the Event of Taxability, the price equal to the principal amount of the Bond, plus accrued interest to the redemption date and any other costs or expenses of the Holder in connection therewith.

"Taxable Rate" means the Federal Home Loan Bank Rate, plus two and 20/100 (2.20%) percent.

"Tax-Change" shall mean a change in the Code, the regulations promulgated thereunder, or in the interpretation thereof, by any court or governmental authority, which results in a

reduction in the amount of interest deductible by the Holder, as respects this Bond and as provided for by the Code, as in effect on the dated date of this Bond.

"Tax Change Rate" shall mean that rate which would provide the Holder with a tax equivalent yield equal to a per annum rate of interest equal to the then-existing equivalent term Federal Home Loan Bank Rate plus and 20/100 percent (2.20%). The Tax Change Rate, if in effect, shall adjust on each Adjustment Date.

"Tax-Exempt Rate" means the Initial Rate.

SECTION 2. PAYMENTS; LATE PAYMENT CHARGE. (A) Principal and interest on this Bond shall be payable as follows:

(1) Interest on the unpaid Principal Balance shall accrue at the Initial Rate for the period commencing on the Closing Date and ending on the date that this Bond is paid in full.

(2) (a) Commencing on January 1, 2003, and continuing on the first day of each successive month thereafter to and including the first day of the month immediately following the last day of the Construction Period, all interest accruing hereunder shall be due and payable monthly at the Initial Rate; and (b) no principal payments shall be due during the Construction Period.

(3) Commencing on the first day of the month immediately following the commencement of the Permanent Period, for the period from the first day of the Permanent Period to and including the Maturity Date, the Institution shall make monthly payments of principal and interest in an amount sufficient to fully amortize the outstanding Principal Balance due on this Bond at the Tax Exempt Rate over a twenty year period.

(4) Notwithstanding anything herein to the contrary, on the Maturity Date, the outstanding Principal Balance of this Bond, together with any accrued and unpaid interest, shall be due and payable.

(B) Interest shall be payable on the basis of a 360 day year and the actual number of days elapsed.

(C) In the event any payment related to this Bond or of principal or interest due on this Bond shall not be received by the Holder for a period of fifteen (15) days including and after the date when due, the Issuer shall pay the Holder a late payment charge in an amount equal to five percent (5%) of any such overdue payment.

(D) Payment of the principal of, premium, if any, and interest on this Bond shall be made at the office of the Issuer, currently located at 112 State Street, Room 1116, Albany, New York 12207, or at such other place as may be agreed upon in advance by the Issuer, the

Institution and the Holder. So long as The Troy Savings Bank shall be the sole holder of this Bond, such payments shall be sent to The Troy Savings Bank at Hedley Park Place, 433 River Street, Troy, New York 12180, or at such other address as The Troy Savings Bank may designate to the Issuer and the Institution in writing.

(E) The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America which at the time of payment is lawful tender for the payment of public and private debts.

(F) The Bond Purchase Agreement provides, among other things, that the Disbursing Agent shall disburse the proceeds of this Bond to pay the Cost of the Project, but only upon the satisfaction of the requirements set forth in the Bond Purchase Agreement for making such disbursements.

(G) As provided in Article V of the Bond Purchase Agreement, the Bond Rate shall convert to the Taxable Rate upon the occurrence of any Event of Taxability, as provided in Section 505 of the Bond Purchase Agreement, or to the Tax Change Rate, in the event of a Tax Change. In addition, upon the occurrence of an Event of Default, the Issuer may be obligated to make certain additional payments to the Holder, as provided in Section 505 of the Bond Purchase Agreement.

SECTION 3. THE PROJECT. This Bond is issued pursuant to a bond resolution duly adopted by the members of the Issuer on December 4, 2002 (the "Bond Resolution") and the Bond Purchase Agreement for the purpose of undertaking a project (the "Project") consisting of (A) (1) the acquisition of an interest in a parcel of real estate containing approximately 6.13 acres located at 391 Western Avenue in the City of Albany, Albany County, New York (the "Land"), together with the existing buildings described as follows located on the Land: (a) the Tower Building containing approximately 18,200 square feet of space, (b) the Burke Building containing approximately 16,000 square feet of space, and (c) the Administration Building containing approximately 11,100 square feet of space (collectively, the "Facility"), (2) the reconstruction of the Facility, (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment being collectively referred to as the "Project Facility"), and (4) the refinancing of certain existing indebtedness incurred by the Institution in connection with the acquisition, construction, reconstruction, renovation and equipping of various portions of the improvements located on the Land, all of the foregoing to constitute a facility to be owned and operated by the Institution as an educational facility and for directly and indirectly related uses; (B) the financing of all or a portion of the costs of the foregoing by the issuance of the Bond; and (C) the sale of the Project Facility to the Institution pursuant to the terms of the Installment Sale Agreement dated as of December 1, 2002 by and between the Issuer and the Institution.

SECTION 4. SECURITY; DOCUMENTS. (A) This Bond is secured by (1) the Mortgage, (2) the Assignment of Rents, (3) the Pledge and Assignment, and (4) the other Financing Documents.

(B) All payments made on the Bond by or on behalf of the Issuer or the Institution to the Holder, or to its successors or assigns, or upon its or their order, pursuant to the Installment Sale Agreement, the Assignment of Rents, the Pledge and Assignment, the Mortgage or the other Financing Documents shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the Issuer upon this Bond or under the Bond Purchase Agreement, as the case may be.

(C) Reference is hereby made to each of the Financing Documents and to all amendments and supplements thereto, copies of which are and will be on file at the office of the Holder currently located at The Hedley Park Place, 433 River Street, Troy, New York 12180 for a description of the rights, duties and obligations of the Issuer, the Institution and the holder of this Bond. By acceptance of this Bond, the Holder hereof assents to all the provisions of the Financing Documents and to all amendments and supplements thereto made in accordance with the provisions thereof.

SECTION 5. DEFAULT; REMEDIES; COSTS. (A) The outstanding Principal Balance of this Bond, together with interest on the outstanding Principal Balance at the Default Interest Rate, shall become immediately due and payable at the option of the Holder on the happening of an "Event of Default", as defined in the Bond Purchase Agreement.

(B) The Issuer promises and agrees to pay, subject to the provisions of Section 7 hereof, immediately upon demand all costs and expenses of the Holder including reasonable attorney's fees, court costs and title search expenses (1) if after default this Bond be placed in the hands of an attorney or attorneys for collection, whether or not an action or proceeding is pending, or (2) if the Holder seeks to have the Mortgaged Property abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of this Bond, prohibiting the foreclosure of the Mortgage, or prohibiting the enforcement of the Mortgage or any other agreement evidencing or securing this Bond lifted by any bankruptcy or other court.

(C) If the Holder shall be made a party to or shall intervene in any action or proceeding, whether in court or before any governmental agency, affecting the Mortgaged Property or the title hereto, or the interest of the Holder under the Mortgage, including without limitation, any form of condemnation or eminent domain proceeding, the Holder shall be reimbursed by the Institution, immediately upon demand, for all costs, charges and reasonable attorneys' fees incurred by the Holder in any such case, together with interest thereon at the Default Interest Rate from the date incurred by the Holder until paid by the Institution, and the same shall be secured by the Mortgage as a further charge and lien upon the Mortgaged Property.

SECTION 6. WAIVER. (A) To the extent provided by law, the Issuer, and all endorsers hereof, and all others who may become liable for all or any part of the obligations evidenced hereby, hereby waive and renounce (1) any and all homestead and exemption rights, (2) the benefits of all valuation and appraisal privileges as against the indebtedness evidenced by this Bond and any renewal or extension thereof, (3) presentment for payment, demand, protest, notice of non-payment, demand and dishonor and all other notices and any and all lack of

diligence or delays in collections or enforcement hereof and (4) the right to plead any and all statutes of limitations as a defense to any demand on this Bond or under the Mortgage.

(B) The Issuer expressly consents to any extension of time, release of any party liable for the obligations evidenced hereby, release of any of the security for this Bond, acceptance of other security for this Bond, acceptance of other security herefor or any other indulgence or forbearance which the Issuer agrees may be made without notice to any party and without in any way affecting the liability of any party hereunder or under the Mortgage.

(C) Failure to accelerate the indebtedness evidenced by this Bond by reason of default hereunder or under the Mortgage, or the acceptance of a past due installment of interest and/or principal hereunder, shall not be construed (1) as a novation of this Bond or as a waiver of such right of acceleration or of the right of the Holder hereof thereafter to insist upon strict compliance with the terms of this Bond or (2) so as to prevent the exercise of such right of acceleration or any other right granted hereunder or under the Mortgage or by the laws of the State of New York. The Issuer hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of time for the payment of this Bond shall operate so as to release, discharge, modify, change or affect the original liability of the Issuer under this Bond, either in whole or in part, unless the Holder agrees otherwise in writing.

SECTION 7. SPECIAL OBLIGATION. (A) This Bond is a special obligation of the Issuer and is payable solely out of the revenues and other monies derived from the leasing, sale or other disposition of the Project Facility and as otherwise provided in the Bond Resolution, the Bond Purchase Agreement, the Installment Sale Agreement, the Pledge and Assignment, the Mortgage and the other Financing Documents.

(B) NEITHER THE MEMBERS, DIRECTORS, OFFICERS, AGENTS, SERVANTS OR EMPLOYEES OF THE ISSUER, NOR ANY PERSON EXECUTING THIS BOND ON BEHALF OF THE ISSUER, SHALL BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE, SALE OR DELIVERY HEREOF OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BASED HEREON. NO COVENANT OR AGREEMENT CONTAINED IN THIS BOND, THE MORTGAGE, THE INSTALLMENT SALE AGREEMENT, THE BOND PURCHASE AGREEMENT OR THE OTHER FINANCING DOCUMENTS SHALL BE DEEMED TO BE THE COVENANT OR AGREEMENT OF ANY MEMBER, DIRECTOR, OFFICER, AGENT, SERVANT OR EMPLOYEE OF THE ISSUER IN HIS INDIVIDUAL CAPACITY. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THIS BOND, OR FOR ANY CLAIM BASED HEREON OR ON THE BOND PURCHASE AGREEMENT, THE MORTGAGE, THE INSTALLMENT SALE AGREEMENT OR THE OTHER FINANCING DOCUMENTS, AGAINST ANY MEMBER, DIRECTOR, OFFICER, AGENT, SERVANT OR EMPLOYEE, PAST, PRESENT OR FUTURE, OF THE ISSUER, OR OF ANY SUCCESSOR CORPORATION, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCH SUCCESSOR CORPORATION, WHETHER BY

VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY, OR OTHERWISE, ALL SUCH LIABILITY OF SUCH MEMBERS, DIRECTORS, OFFICERS, AGENTS, SERVANTS OR EMPLOYEES BEING WAIVED AND RELEASED, TO THE EXTENT PERMITTED BY LAW, AS A CONDITION OF, AND AS CONSIDERATION FOR, THE EXECUTION AND DELIVERY OF THIS BOND, THE MORTGAGE, THE INSTALLMENT SALE AGREEMENT, THE BOND PURCHASE AGREEMENT AND THE OTHER FINANCING DOCUMENTS.

(C) THIS BOND IS NOT, AND SHALL NOT BE DEEMED TO CONSTITUTE, A DEBT OF THE STATE OF NEW YORK, ALBANY COUNTY, NEW YORK OR ANY PUBLIC BENEFIT CORPORATION OR POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER), AND NEITHER THE STATE OF NEW YORK, ALBANY COUNTY, NEW YORK NOR ANY SUCH PUBLIC BENEFIT CORPORATION OR POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE HEREON.

SECTION 8. TRANSFERENCE. (A) This Bond shall be transferable only upon the books of the Issuer at the principal office of The Troy Savings Bank, as bond registrar (the "Bond Registrar") for the Issuer, currently located at Hedley Park Place, 433 River Street, Troy, New York 12180, or at the office of any successor Bond Registrar, by the Holder in person or by its attorney duly authorized in writing, upon surrender of this Bond together with (1) a written instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner of this Bond or by such duly authorized attorney, (2) the execution and delivery to the transferee of this Bond by such registered owner or by such duly authorized attorney of written instruments effecting the assignment and transfer of the Mortgage and the other Financing Documents to the transferee of this Bond, (3) except with respect to the transfer of the Bond to a Financial Institution, the delivery to the Issuer and the Institution of an opinion of counsel reasonably satisfactory to the Issuer and the Institution that such transfer will not require registration of this Bond under any securities law (or proof of registration under such securities laws), (4) except with respect to the transfer of the Bond to a Financial Institution, the delivery to the Issuer of a certificate from the proposed transferee to the effect that the proposed transferee has been provided with all requested disclosure information by the Institution and (5) the payment to the Bond Registrar of an amount equal to the costs of effecting such transfer and any tax, fee or other governmental charge required to be paid with respect to such transfer. No such transfer of this Bond shall be valid unless made on such books and similarly noted by endorsement of the Bond Registrar on this Bond, or unless, at the expense of the registered owner of this Bond, the Issuer shall execute and deliver a new Bond registered in the name of the transferee.

(B) The Issuer may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond shall be overdue or not, for the purpose of receiving payment, including prepayment, of the principal of and interest on this Bond and for all other purposes. All such payments so made to the registered owner shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

SECTION 9. PREPAYMENT. This Bond may be prepaid, in whole or in part, upon ten (10) days prior written notice to the Holder, prior to the Maturity Date, at the option of the Issuer, upon the direction of the Company, without premium or penalty therefore. Notwithstanding the foregoing, if any such prepayment is the result of a refinancing of the Indebtedness by a lender other than the Holder, then, in such case, this Bond shall be prepaid at a prepayment price equal to (i) one hundred three percent (103%) of the principal amount being prepaid, plus accrued interest thereon to the date of such prepayment, during the Construction Period and the first year of the Permanent Period, (ii) one hundred two percent (102%) of the principal amount being prepaid, plus accrued interest thereon to the date of such prepayment, during the second year of the Permanent Period, (iii) one hundred one percent (101%) of the principal amount being prepaid, plus accrued interest thereon to the date of such prepayment, during the third year of the Permanent Period, and (iv) one hundred percent (100%) of the principal amount being prepaid, plus accrued interest thereon to the date of such prepayment, during the fourth year of the Permanent Period and thereafter.

(B) This Bond shall be subject to mandatory prepayment at the option of the Holder, in whole, at a prepayment price equal to one hundred percent (100%) of the principal amount hereof plus accrued interest to the date of such prepayment, and any prepayment premium which would be due if such prepayment were a voluntary prepayment, in the event that the Project Facility is conveyed, transferred, leased or sold and leased back (except as contemplated in this transaction), or substantially abandoned for use by the Institution or its affiliates.

(C) This Bond shall be subject to mandatory prepayment, in whole or in part, at a prepayment price equal to one hundred percent (100%) of the principal amount so prepaid plus accrued interest thereon to the date of such prepayment, in the event that (1) there are any Net Proceeds of amounts received from or on behalf of contractors, subcontractors or materialmen, as provided in the Installment Sale Agreement, or (2) there are any moneys remaining in the Insurance and Condemnation Fund after payment of all costs of restoring the Project Facility as provided in Section 406(G) of the Bond Purchase Agreement.

(D) Any partial prepayment shall be applied to the unpaid principal installments due on this Bond in inverse order of maturity. No partial prepayment of this Bond shall alter the amount of the periodic installments due pursuant to this Bond.

SECTION 10. COVENANT AGAINST USURY. Notwithstanding anything herein or in the Mortgage or in any related document to the contrary, it is not the intention of the Holder to charge nor shall there at any time be charged or become due and payable hereunder or under the Mortgage any interest which would result in a rate of interest being charged which is in excess of the maximum rate permitted to be charged by law, and in the event that any sum in excess of the maximum legal rate of interest is paid or charged, the same shall, immediately upon discovery thereof, be deemed to have been a prepayment of principal (which prepayment shall be permitted, and be without premium or penalty) as of the date of such receipt, and all payments made thereafter shall be approximately reapplied to interest and principal to give effect to the



maximum rate permitted by law and, after such reapplication, any excess payment shall be immediately refunded to the Institution.

SECTION 11. MISCELLANEOUS. (A) This Bond shall be binding upon the Issuer, its successors and assigns and shall inure to the benefit of the Holder and its successors and assigns.

(B) This Bond shall be construed in accordance with the laws of the State.

(C) This Bond may not be changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of such change or termination is sought.

(D) The representatives of the Issuer subscribing below represent that they have full power, authority and legal right to execute and deliver this Bond and that the debt hereunder constitutes a valid binding obligation of the Issuer.

(E) It is hereby certified, recited and declared that all conditions, acts and things required by law, the Bond Resolution and the Bond Purchase Agreement to exist, to have happened and to have been performed precedent to and in the issuance, execution and delivery of this Bond do exist, have happened and have been performed and that the issuance of this Bond, together with all other obligations of the Issuer, does not exceed or violate any constitutional, corporate or statutory limitations.

IN WITNESS WHEREOF, ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman or Vice Chairman and its corporate seal to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary.

Dated: \_\_\_\_\_

ALBANY COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

BY: \_\_\_\_\_  
(Vice) Chairman

-SEAL-

ATTEST:

\_\_\_\_\_  
(Assistant) Secretary

# REGISTRATION

DATE OF REGISTRATION	REGISTERED IN WHOSE NAME	BOND REGISTRAR

[Form of Assignment for Transfer]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto (please insert name, address and social security or tax identification number of assignee:  
\_\_\_\_\_ the within Bond and does  
hereby \_\_\_\_\_ irrevocably constitute \_\_\_\_\_ and \_\_\_\_\_ appoint  
\_\_\_\_\_ to transfer the said  
Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

NOTICE: The signature(s) on this assignment must correspond with the name(s) as it (they) appear(s) on the fact of the within Bond in every particular.

In the presence of:

\_\_\_\_\_

EXHIBIT D

FORM OF REQUEST FOR DISBURSEMENT

To: The Troy Savings Bank  
Hedley Park Place  
433 River Street  
Troy, New York 12180  
Attention: Mr. Peter Cosgrove, Vice President

Re: Albany County Industrial Development Agency  
\$3,500,000 Civic Facility Revenue Bond  
(La Salle School Project), Series 2002A

Number: \_\_\_\_\_

Date: \_\_\_\_\_

Ladies and Gentlemen:

You are hereby authorized and directed to make the following disbursement from the Project Fund as defined in that certain bond purchase agreement dated as of December 1, 2002 (the "Bond Purchase Agreement") by and among Albany County Industrial Development Agency (the "Issuer"), The Troy Savings Bank, as holder (the "Holder") and as disbursing agent (the "Disbursing Agent") of the above-captioned bond (the "Bond"), and La Salle School (the "Institution"):

(A) The name(s) and address(es) of the person(s) to whom such disbursement is to be made, the amount to be paid to each and the description of purpose for which the requested disbursement is to be made are as set forth on Schedule A attached hereto;

(B) All of the conditions set forth in Articles III and IV of the Bond Purchase Agreement have been satisfied or have been waived in writing by the Holder. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Bond Purchase Agreement;

(C) Each disbursement requested is for a proper expenditure of moneys under Section 4.3(A) of the Installment Sale Agreement;

(D) With respect to the item(s) for which payment is to be made, the undersigned has no knowledge of any Lien (as defined in the Installment Sale Agreement) which should be satisfied or discharged before the payment as requested is made;

(E) \_\_\_\_\_% percent of the work on the construction of the Facility and the acquisition and installation of the Equipment has been completed, and such percentage exceeds the

percentage which all advances made to the date hereof represent of the total of Bond Proceeds which can be disbursed from the Project Fund;

(F) No item(s) for which payment is requested has (have) been the basis for any prior disbursement from the Project Fund (requests for disbursement of retainage amounts under any contract relating to the construction of the Facility shall not be deemed made for an item which has been the basis of a prior disbursement by virtue of requests for disbursement of amounts covering the cost of such construction, less the retainage amounts);

(G) As of the date of this Request for Disbursement, the representations and warranties made in Article II of the Bond Purchase Agreement are true and accurate, and there is no Event of Default under the Bond Purchase Agreement, nor any event that, with the passage of time or the giving of notice or both, would ripen into an Event of Default;

(H) The Project Facility has not been materially injured or damaged by fire or other casualty;

(I) All sums due workmen and materialmen have been paid or will be paid from the proceeds of this disbursement;

(J) None of the items for which requisition is made constitutes (1) personal property (including, without limitation, fixtures and equipment) other than that listed on all accompanying schedules sufficient for identification purposes in connection with the filing of UCC-1 and/or UCC-3 financing statements or (2) materials stored off-site; and

(K) The payment of the amount requested hereby is consistent in all material respects with the Tax Regulatory Agreement.

LA SALLE SCHOOL

BY: \_\_\_\_\_  
Authorized Officer

APPROVAL BY INDEPENDENT INSPECTOR

The payment of the foregoing requisition is hereby approved.

Independent Inspector (as defined in Article I of the  
Installment Sale Agreement)

Requests for Disbursement for construction items must be accompanied by AIA form G-702 and G-703 as required by the Bond Purchase Agreement.

Request for Disbursement for non-construction items must be accompanied by bills, invoices or other proof to substantiate the amount requested.



SCHEDULE A  
DISBURSEMENTS

<u>NAME AND ADDRESS OF PERSON TO WHOM DISBURSEMENT IS TO BE MADE</u>	<u>AMOUNT OF DISBURSEMENT</u>	<u>DESCRIPTION AND PURPOSE OF DISBURSEMENT</u>
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## LIEN LAW SECTION 22 AFFIDAVIT

The undersigned, being duly sworn, does hereby depose and say:

2. The Company is a party named in the annexed Bond Purchase Agreement and is the party actually receiving the proceeds of the loan described in the Bond Purchase Agreement. The Bond Purchase Agreement is intended to be filed in the Albany County Clerk's Office in accordance with Section 22 of the Lien Law of the State of New York. All capitalized terms used herein and not otherwise defined shall have the same meanings assigned thereto in the Bond Purchase Agreement.

4. The cost of acquisition of the Land to be funded out of the proceeds of the Bond is \$-0-, the consideration paid or to be paid by the Company as agent of the Issuer for the loan described in the Bond Purchase Agreement is as set forth in item 3(a) below and all other expenses, if any, incurred or to be incurred in connection with the loan are as follows:

Architect's and/or Engineer's fees	\$108,150
Taxes based on the purchase price or value of materials or equipment required to be installed or furnished in connection with the renovation and/or equipping of the Facility	\$-0-
Fair and reasonable sums paid for obtaining Building Loan and subsequent financing	\$-0-
Commitment fee for purchase of the Bond	\$-0-
Appraisal and Independent Engineer's fees	\$4,000

Issuer's administrative fee	\$26,250.00
Legal fee and disbursements of Issuer's counsel and Bond Counsel	\$25,849.01
Company's Counsel fee and disbursements	\$25,240.00
Legal fee and disbursements of Holder's counsel	\$10,804.00
Cost of title examination and UCC searches, mortgagee title insurance premiums and title continuation charges	\$12,180.00
Cost of surveys	\$400.00
Recording and filing fees	\$575.00
Payment and performance bond premiums	\$10,000.00
Taxes, assessments and water rents existing prior to the commencement of renovation of the Facility	\$ -0-
Taxes (including payments-in-lieu of taxes, assessment and water rents accruing during the renovation of the Facility)	\$ -0-
Interest due on the Bond during the Construction Period	\$110,133.32
Insurance premiums accruing during the construction of the Facility	\$ -0-
Soils and environmental testing	\$1,500.00
Permit fee	\$500.00
Troy Savings Bank payoff existing loan	\$1,817,380.82
<b>TOTAL AMOUNT OF ABOVE ITEMS</b>	<b>\$ 2,152,962.10</b>

Certain of the foregoing amounts are based upon good faith estimates of costs or expenses not yet incurred and certain items listed above may cost more or less than such estimates. The Company reserves the right to use unexpended amounts from any of said items to defray increases incurred in any other item or items listed above so long as the total amount of monies expended on said items does not exceed the total amount of said items shown above.

After payment of the above items, the net sum available to the Company for the remaining improvements (monies which will be available to the Company to pay for the cost of constructing and equipping the Facility) will be \$1,347,037.90.

All monies disbursed by the Holder to the Company under the Bond Purchase Agreement shall be subject to the trust fund provisions of Section 13 of the Lien Law. If an Event of Default occurs during the construction of the Facility, the Holder may transfer all or any portion of any monies, except for amounts retained for the payment of incurred but unpaid items qualifying as

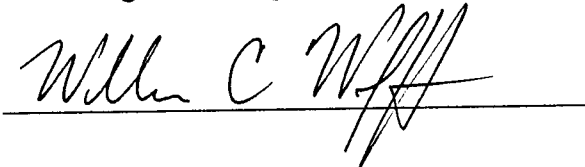
cost of the Project Facility and amounts sufficient to discharge any field mechanic's lien, to the Insurance and Condemnation Fund established under the Bond Purchase Agreement for application to redemption of the Bond in accordance with the Bond Purchase Agreement. IN THAT EVENT, SUCH MONIES WOULD NOT BE AVAILABLE TO THE COMPANY FOR THE FACILITY.

This affidavit is made pursuant to and in compliance with Section 22 of the Lien Law by the Company as an "owner" of the Building within the meaning of subdivision 3 of Section 2 of the Lien Law, as the party actually benefitted by the borrowing, and in its capacity as agent of the Issuer for the purposes of constructing and equipping the Facility pursuant to the terms of the Installment Sale Agreement and the Bond Purchase Agreement.

5. Out of the loan, the Company, as agent of the Issuer, also will expend approximately \$1,817,380.82 to repay certain interim financing obtained by the Company and/or the Issuer to finance a portion of the Project Facility costs incurred to date. Therefore, the net sum available to the Issuer and the Company for the cost of the improvement is \$1,347,037.90, less such amounts as may become due or payable for insurance premiums, interest on building loan mortgages, taxes, assessments, water rents and sewer rents accruing during the making of the improvement.

6. This statement is rendered for the purposes of complying with Section 22 of the Lien Law of the State of New York.

7. The facts herein stated are true to the knowledge of the deponent.



Sworn to before me this  
5th day of December, 2002.

\_\_\_\_\_  
Notary Public