

Ratings: Fitch AA-  
Moody's A1  
(See "RATINGS" herein)

**NEW ISSUE - Book-Entry-Only**

In the opinion of Winston & Strawn, Bond Counsel, based on existing statutes, regulations, rulings, and court decisions, interest on the Bonds is not includable in gross income for federal income tax purposes assuming compliance with certain covenants and the accuracy of certain representations. Interest on the bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on corporations and individuals; however, a portion of such interest may otherwise be includable in the calculation of the federal alternative minimum tax imposed on corporations. In the further opinion of Bond Counsel, based on existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). See "Tax Matters" herein.

**\$17,345,000**

**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY  
CIVIC FACILITY REVENUE BONDS  
(INSTITUTE OF INTERNATIONAL EDUCATION, INC. PROJECT), SERIES 2001**

**Dated: November 1, 2001**

**Due: September 1, 2031**

The proceeds of the sale of the \$17,345,000 New York City Industrial Development Agency Civic Facility Revenue Bonds (Institute of International Education, Inc. Project), Series 2001 (the "Series 2001 Bonds"), will be used to (i) refinance a portion of an outstanding commercial loan in connection with the acquisition of the Facility (as defined herein), (ii) provide for the improvement, renovation and equipping of the Facility and (iii) finance certain costs of issuance relating to the Series 2001 Bonds. The Series 2001 Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2001 (the "Indenture"), between the New York City Industrial Development Agency (the "Agency") and The Bank of New York, as trustee (the "Trustee"). The Series 2001 Bonds will be payable solely from payments made by the Institution under the Lease Agreement (as defined herein) and from certain funds established under the Indenture and investment earnings on such funds. The Series 2001 Bonds will be secured by a guaranty of the Institution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2001 BONDS" herein.

The Series 2001 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due March 1, 2002 and each September 1 and March 1 thereafter) on the Series 2001 Bonds will be payable by check mailed to the registered owners thereof and principal and Redemption Price of the Series 2001 Bonds will be payable at the principal corporate trust office of The Bank of New York, as Trustee and Paying Agent.

The Series 2001 Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2001 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2001 Bonds, payments of the principal and redemption price of and interest on such Series 2001 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE SERIES 2001 BONDS — Book-Entry Only System" herein.

**THE SERIES 2001 BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY, PAYABLE BY THE AGENCY AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST SOLELY FROM THE FUNDS PLEDGED UNDER THE INDENTURE. THE SERIES 2001 BONDS DO NOT CONSTITUTE AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON. THE SERIES 2001 BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE FULL FAITH AND CREDIT OR TAXING POWERS OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK. THE SERIES 2001 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AGENCY NOR SHALL THE SERIES 2001 BONDS BE PAYABLE OUT OF ANY FUNDS OF THE AGENCY OTHER THAN THOSE PLEDGED THEREFOR. THE AGENCY HAS NO TAXING POWER.**

The Series 2001 Bonds are subject to optional redemption, mandatory redemption and special redemption prior to maturity, as described under the heading "THE SERIES 2001 BONDS" herein.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2001 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

<b>\$3,210,000 Serial Bonds</b>							
<u>Due</u> <u>September 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Due</u> <u>September 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
2002	\$195,000	4.000%	2.450%	2007	\$330,000	4.000%	4.250%
2003	280,000	4.000	2.920	2008	345,000	4.750	4.440
2004	295,000	4.000	3.350	2009	360,000	5.000	4.550
2005	305,000	4.250	3.710	2010	380,000	5.000	4.650
2006	320,000	4.500	4.000	2011	400,000	5.000	4.750
<b>\$2,320,000 5.125% Term Bond Due September 1, 2016 to Yield 5.200%</b>							
<b>\$2,980,000 5.250% Term Bond Due September 1, 2021 to Yield 5.400%</b>							
<b>\$8,835,000 5.250% Term Bond Due September 1, 2031 to Yield 5.500%</b>							
<b>(Accrued interest from November 1, 2001 to be added)</b>							

The Series 2001 Bonds are offered when as and if issued by the Agency and accepted by the Underwriter, subject to prior sale, to withdrawal or ability and tax exemption of the Series 2001 Bonds by Winston & Strawn, New York, on for the Agency by its Vice President for Legal Affairs, Richard E. Marshall, Esq. by their counsel, Squire, Sanders & Dempsey [redacted], New York, New York. Certain Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the York on or about December 13, 2001.

modi 64971CYW8 - maturity date of 9/1/2016  
New  
Cert: 64971CYX6 - maturity date of 9/1/2021  
legal  
Seri  
Dat 64971CYY4 - maturity date of 9/1/2031

**AN BROTHERS**

CUSIP #: 64971CYY4

Bond  
not  
issued

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2001 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized by the Agency, the Underwriter, or the Institution to give any information or to make any representations with respect to the Series 2001 Bonds, other than those in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2001 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Agency, the Institution, and other sources that are believed to be reliable, but the Underwriter does not guarantee the accuracy or completeness of the information, and the information is not to be construed as a representation, warranty or covenant by the Underwriter. The Agency neither has nor assumes any responsibility as to the accuracy or completeness of the information in this Official Statement, all of which, other than the information under the caption "THE AGENCY" and the information concerning the Agency under the captions "INTRODUCTORY STATEMENT" and "LITIGATION," has been furnished by others. The information set forth herein, other than that set forth under the caption "THE AGENCY" and the information concerning the Agency under the captions "INTRODUCTORY STATEMENT" and "LITIGATION," has been provided by the Institution, DTC and other sources believed to be reliable and not by the Agency. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

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**OFFICIAL STATEMENT**  
**OF**  
**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**

**Relating to**

**\$17,345,000**

**CIVIC FACILITY REVENUE BONDS**  
**(INSTITUTE OF INTERNATIONAL EDUCATION, INC. PROJECT), SERIES 2001**

**INTRODUCTORY STATEMENT**

The purpose of this Official Statement, including the cover page and appendices, is to provide certain information in connection with the issuance and sale by the Agency of the Series 2001 Bonds. The Series 2001 Bonds will be dated November 1, 2001 and are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiples thereof. The Series 2001 Bonds will bear interest from such date (payable March 1, 2002 and on each September 1 and March 1 thereafter) at the rates set forth on the cover page of this Official Statement. See "THE SERIES 2001 BONDS" herein. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in Appendix D "Summary of Certain Provisions of the Indenture of Trust."

The Agency proposes to issue the Series 2001 Bonds, at the request of the Institution, and loan the proceeds of the sale thereof to the Institution in order that the Institution may (i) refinance a portion of an outstanding commercial loan in connection with the acquisition of condominium units aggregating approximately 67,633 square feet located at 809 United Nations Plaza, New York, New York (the "Facility") for use by the Institution in connection with the Institution's global educational programs, (ii) the improvement, renovation and equipping of the Facility, and (iii) the financing of certain costs of issuance relating to the issuance of the Series 2001 Bonds (clauses (i) through (iii) inclusive comprise and are hereinafter sometimes referred to collectively as the "Project").

The Series 2001 Bonds are to be issued pursuant to the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, State of New York Chapter 24 of the Consolidated Laws of New York, as amended), and Chapter 1082 of the 1974 Laws of New York, as amended (the "Act"), the Indenture and a resolution adopted by the Agency on October 23, 2001.

The Institution will lease the Facility to the Agency pursuant to the terms of the Company Lease Agreement. The Agency will then sublease the Facility to the Institution pursuant to the Lease Agreement.

The Institution is obligated under the Lease Agreement to make lease rental payments in the amounts and on the dates required to pay the principal of, Sinking Fund Installments for, and redemption premium, if any, and interest on the Series 2001 Bonds as the same become due. The Agency has assigned all of its rights under the Lease Agreement (except for certain reserved rights), including the right to receive such lease rental payments, to the Trustee pursuant to the Indenture. The payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2001 Bonds has been guaranteed by the Institution pursuant to the Guaranty Agreement.

The descriptions of various documents set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by the terms of each such document. Copies of the Indenture, the Company Lease and the Lease Agreement will be available for inspection at the principal corporate trust office of the Trustee.

## THE AGENCY

The Agency was established in 1974 as a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York duly organized and existing pursuant to the Act for the purpose of promoting the economic welfare of the inhabitants of The City of New York and promoting, developing, encouraging and assisting in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research, recreational and civic facilities, thereby advancing the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and improving their recreational opportunities, prosperity and standard of living.

Under the Act, the Agency has power to acquire, hold and dispose of personal property for its corporate purposes; to acquire, use for its corporate purposes and dispose of real property within the geographical jurisdictional limits of The City of New York; to appoint officers, agents and employees; to make contracts and leases; to acquire, construct, reconstruct, lease, improve, maintain, equip or furnish one or more projects; to borrow money and issue bonds and to provide for the rights of the holders thereof; to grant options to renew any lease with respect to any project and to grant options to buy any project at such price as the Agency may deem desirable; to designate depositories for its moneys; and to do all things necessary or convenient to carry out its purposes and exercise the powers given in the Act.

The current members of the Board of Directors of the Agency are as follows:

### Board of Directors:

MICHAEL G. CAREY, Chairman  
SAMUEL PLOTKIN, Vice Chairman  
JOSEPH B. ROSE, Chairman for the City Planning Commission of The City of New York (ex officio),  
ERIC KOBER, alternate  
ALAN G. HEVESI, Comptroller of The City of New York  
(ex officio), JONATHAN D. WHITE, alternate  
ROBERT M. HARDING, Deputy Mayor for Economic Development and Finance of The City of New  
York (ex officio), GINA FINI, ESQ., alternate  
MICHAEL D. HESS, ESQ., Corporation Counsel of The City of New York  
(ex officio), LEONARD WASSERMAN, ESQ., alternate  
IRVIN K. CULPEPPER, JR.  
GARY L. HERMAN  
JOSE ITHIER  
BERNARD HABER  
DEREK B. PARK  
JULIUS RENDINARO  
ALAN L. RIVERA, ESQ.  
MARILYN WEITZMAN

### Administration:

ERIC J. DEUTSCH, Executive Director  
CAROLYN A. EDWARDS, Deputy Executive Director

PATRICIA M. BRANNICK, ESQ., General Counsel  
RICHARD E. MARSHALL, ESQ., Vice President for Legal Affairs  
DEO SINGH, Treasurer

To support its activities, the Agency contracts with the New York City Economic Development Corporation ("EDC") to provide staff and technical assistance. EDC is a not-for-profit local development corporation which includes among its purposes the administration of government financing programs which foster business expansion in The City of New York.

THE SERIES 2001 BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY, PAYABLE BY THE AGENCY AS TO PRINCIPAL, REDEMPTION PRICE, OR SINKING FUND INSTALLMENTS AND INTEREST SOLELY FROM THE FUNDS PLEDGED UNDER THE INDENTURE. THE SERIES 2001 BONDS DO NOT CONSTITUTE AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON. THE SERIES 2001 BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE FULL FAITH AND CREDIT OR TAXING POWERS OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK. THE SERIES 2001 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AGENCY NOR SHALL THE SERIES 2001 BONDS BE PAYABLE OUT OF ANY FUNDS OF THE AGENCY OTHER THAN THOSE PLEDGED THEREFOR. THE AGENCY HAS NO TAXING POWER.

NEITHER THE MEMBERS, DIRECTORS, OFFICERS OR AGENTS OF THE AGENCY NOR ANY PERSON EXECUTING THE SERIES 2001 BONDS SHALL BE PERSONALLY LIABLE OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY WITH RESPECT TO THE SERIES 2001 BONDS. ACCORDINGLY, NO FINANCIAL INFORMATION WITH RESPECT TO THE AGENCY OR ITS MEMBERS, DIRECTORS OR OFFICERS HAS BEEN INCLUDED IN THIS OFFICIAL STATEMENT.

THE AGENCY HAS NOT VERIFIED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT OTHER THAN INFORMATION SET FORTH UNDER THE CAPTION "THE AGENCY" AND THE INFORMATION CONCERNING THE AGENCY UNDER THE CAPTIONS "INTRODUCTORY STATEMENT" AND "LITIGATION" HEREIN.

### ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds (exclusive of accrued interest) are as follows:

#### Sources of Funds

Principal Amount of the Series 2001 Bonds	\$17,345,000
Net Original Issue Discount	<u>(340,330)</u>
Total Sources of Funds	<u>\$17,004,670</u>

#### Uses of Funds

Project costs	\$16,560,140
Costs of Issuance	292,820
Underwriter's Discount	<u>151,710</u>
Total Uses of Funds	<u>\$17,004,670</u>

## THE FACILITY

The project being financed with the proceeds of the Series 2001 Bonds consists of the Institution's acquisition, renovation, equipping and improvement of the condominium units encompassing floors 1, 2, 5, 6, 7, 8, 9 and 12, plus the basement of 809 United Nations Plaza, New York, New York (the "Facility") for use by the Institution for administrative purposes. The renovations of the Facility include refitting the first, second and ninth floors to accommodate the Institution's programs; rewiring for computer network; procurement of office furniture; and construction of a new heating and air conditioning system for the first and second floors. The Institution has occupied the Facility since it was constructed for the Institution in 1964. The Institution purchased the Facility in July 2001 using the proceeds of a bridge loan, a portion of which will be repaid with the proceeds of the Bonds. Floors 3, 4, 10 and 11 of the building are not owned by the Institution but are owned by foreign governmental entities.

## THE INSTITUTION

The Institute of International Education, Inc. (the "Institution"), an independent 501(c)(3) non-profit organization, was incorporated in 1928 and is organized under the Not-For-Profit Corporation Law of the State of New York. The Institution has offices worldwide and is regarded as the oldest and among the world's most experienced global higher education and professional exchange agencies.

## SECURITY FOR THE SERIES 2001 BONDS

### General

The Institution will be absolutely and unconditionally obligated pursuant to the Lease Agreement to make rental payments to the Trustee which in the aggregate will be sufficient to enable the Agency to pay when due (whether upon maturity, upon redemption or upon acceleration) the principal of, Sinking Fund Installments for, Redemption Price, if applicable, and interest on the Series 2001 Bonds as the same respectively become due. Pursuant to the Indenture, the Agency has assigned to the Trustee for the benefit of the Bondholders substantially all of its rights, title and interest in and to the Lease Agreement, including all rights to receive lease rental payments sufficient to pay the principal or Redemption Price, if applicable, or Sinking Fund Installments for, and interest on the Series 2001 Bonds as the same become due, to be made by the Institute pursuant to the Lease Agreement. The payments, obligations, covenants and agreements of the Institution under the Lease Agreement, and the payment of the principal of, redemption premium, if any, and interest on the Series 2001 Bonds have been guaranteed by the Institution pursuant to the Guaranty Agreement.

In order to secure the payment of the principal of, or Redemption Price, if applicable, and interest on the Series 2001 Bonds, and the performance and observance by the Agency of all the covenants in the Indenture for the Series 2001 Bonds, the Agency pursuant to the Indenture has pledged, transferred and assigned to the Trustee, among other things, (i) all right, title and interest of the Agency in and to the Lease Agreement, including the right to receive the rental payments from the Institution thereunder subject to the Agency's Reserved Rights; (ii) all right, title and interest of the Agency in and to the Company Lease subject to the Agency's Reserved Rights; (iii) all right, title, and interest of the Agency, as lessor under the Lease Agreement, in and to any and all present and future subleases (other than the Lease Agreement) of the Institution's leasehold interest in the Facility, including all rents, issues and profits payable under any such subleases, and any contracts for the sale of all or any portion of the Facility, subject to the Agency's Reserved Rights; and (iv) all moneys and securities from time to time held by the Trustee in any funds and accounts established under the Indenture (other than the Rebate Fund), and investment earnings thereon, subject to disbursements from any such fund or account in accordance with the Lease Agreement and the Indenture. For a description of certain provisions of the

Indenture, see "Appendix D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST" hereto.

THE SERIES 2001 BONDS ARE LIMITED AND SPECIAL OBLIGATIONS OF THE AGENCY, PAYABLE BY THE AGENCY AS TO PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, AND INTEREST SOLELY FROM THE FUNDS PLEDGED UNDER THE INDENTURE. THE SERIES 2001 BONDS ARE NOT A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON. NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE; OR INTEREST ON THE SERIES 2001 BONDS AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK IS PLEDGED TO SUCH PAYMENT. THE AGENCY HAS NO TAXING POWER.

Neither the members, directors, officers or agents of the Agency nor any person executing the Series 2001 Bonds will be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

### **The Lease Agreement**

Concurrently with the issuance of the Series 2001 Bonds, the Agency will enter into the Lease Agreement, pursuant to which the Agency will lease to the Institution the Agency's leasehold interest in the Facility. The Institution will be obligated under and pursuant to the Lease Agreement to make lease payments to the Trustee in amounts sufficient to pay the principal of, Sinking Fund Installments for, Redemption Price, if applicable, and interest on the Series 2001 Bonds. The Institution's obligation to pay rentals under the Lease Agreement will be an absolute, unconditional and general obligation of the Institution. For a further description of the Lease Agreement and a summary of the Institution's covenants generally, see "Appendix E - SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AGREEMENT AND THE COMPANY LEASE" hereto.

Rental payments due under the Lease Agreement are required to be paid, by wire transfer in immediately available funds, two Business Days prior to each principal payment date (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture) or Interest Payment Date (or if such date is not a Business Day, the next succeeding Business Day). The amount of each such rental payment due shall be an amount sufficient, together with any amounts then available in the Bond Fund at the time of payment of such rental, to enable the Trustee to make payment, on each such due date, of the principal (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture) or Redemption Price, if applicable, of, and interest on (including interest due upon the occurrence of an Event of Default), the Bonds becoming due on the succeeding Interest Payment Date.

### **Guaranty Agreement**

The Institution will deliver the Guaranty Agreement in favor of the Trustee. Pursuant to the Guaranty Agreement, the Institution will guarantee payment of principal, interest and Redemption Price on the Series 2001 Bonds, when due.

For additional information regarding the Security and Sources of Payment for the Series 2001 Bonds, see "Appendix D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST," "Appendix E - SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AGREEMENT AND THE COMPANY LEASE," and "Appendix F - SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTY AGREEMENT" hereto.

## **Additional Bonds**

So long as the Lease Agreement is in effect, one or more series of Additional Bonds may be issued, authenticated and delivered upon original issuance for any or all of the following purposes: (i) providing funds in excess of the net proceeds of insurance and condemnation awards necessary to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (ii) providing for the financing or refinancing of Project Costs in connection with the acquisition, construction or installation of additional Improvements or Facility Equipment for incorporation into the Facility as part of the Project, and (iii) refunding any Agency Bonds issued by the Agency or any indebtedness incurred by the Institution to finance or refinance the acquisition or improvement of the Facility. Such Additional Bonds shall be payable from the lease rentals, receipts and revenues of the Facility including such Improvements or Facility Equipment added thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Agency and the Institution shall enter into an amendment to the Lease Agreement, which shall provide, among other things, that the rentals payable under the Lease Agreement shall be computed so as to amortize in full the principal of and interest on all Outstanding Bonds and any other cost in connection therewith. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST."

## **Limited Obligation**

The Series 2001 Bonds are limited and special obligations of the Agency, payable by the Agency as to principal, Sinking Fund Installment, Redemption Price, if applicable, and interest solely from the funds pledged under the Indenture. The Series 2001 Bonds are not a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon. Neither the State of New York nor The City of New York is or shall be obligated to pay the principal of, Sinking Fund Installments, Redemption Price, if applicable, or interest on the Series 2001 Bonds and neither the faith and credit nor the taxing power of the State of New York or The City of New York is pledged to such payment. The Agency has no taxing power. No obligations imposed upon the Agency in the Indenture or in the Series 2001 Bonds shall give rise to or impose upon the Agency any pecuniary liability or charge upon its general credit.

Neither the members, directors, officers, employees or agents of the Agency nor any person executing the Series 2001 Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

## **THE SERIES 2001 BONDS**

### **General**

The Series 2001 Bonds, when issued, will be dated November 1, 2001, and will bear interest from such date (payable March 1, 2002 and on each September 1 and March 1 thereafter) at the rates, and will mature at the times, set forth on the cover page of this Official Statement. The Series 2001 Bonds are issuable only in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest on the Series 2001 Bonds will be payable by check mailed to the registered owners thereof. The principal or Redemption Price, if applicable, of the Series 2001 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York, the Trustee and Paying Agent.

The Series 2001 Bonds when issued will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Individual purchasers will not receive physical delivery of the Series 2001 Bonds (unless the Agency and the Institution shall otherwise agree pursuant to

the Indenture). While registered in the name of Cede & Co., payments of principal and Redemption Price of and interest on the Series 2001 Bonds will be paid by the Trustee to Cede & Co. and not directly to the beneficial owners of the Series 2001 Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Except as described under "BOOK-ENTRY-ONLY SYSTEM," the Series 2001 Bonds may be transferred or exchanged for other Series 2001 Bonds without cost, except for any required tax, fee or other governmental charge, at the office so designated by Trustee, whose principal corporate trust office is currently located at 101 Barclay Street, 8W, New York, New York 10286, Attention: Corporate Trust Administration.

**Interest Payment**

Series 2001 Bonds authenticated prior to the first Interest Payment Date shall bear interest from November 1, 2001. Series 2001 Bonds issued on or subsequent to the first Interest Payment Date thereon will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date to which interest on the such Series 2001 Bonds has been paid in full or duly provided for, in which case they will bear interest from such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the Series 2001 Bonds is in default, Series 2001 Bonds issued in exchange for Series 2001 Bonds surrendered for transfer or exchange will be dated as of the date to which interest has been paid in full on such Series 2001 Bonds surrendered.

**Method of Payment**

Principal or Redemption Price, if any, of the Series 2001 Bonds will be payable at the principal corporate trust office of the Trustee in New York, New York. Interest will be paid to the registered holder thereof as of the fifteenth day of the calendar month immediately preceding such Interest Payment Date by check mailed to such holder's registered address, except that a holder of \$1,000,000 or more in principal amount of Series 2001 Bonds may be paid interest by wire transfer to an account in the United States of America if the holder makes a written request of the Trustee not later than the Record Date specifying the account address and number; provided, however, that while the Series 2001 Bonds are registered in the name of Cede & Co., payment will be made in accordance with the provisions of DTC.

**Redemption of Series 2001 Bonds**

Optional Redemption. The Series 2001 Bonds maturing on or after September 1, 2012 are subject to optional redemption prior to maturity on or after September 1, 2011 as a whole at any time or in part on any interest payment date at the option of the Agency at the direction of the Institution (if in part, the maturities to be redeemed to be selected by the Institution, or, if no such selection is made, in inverse order of maturities), pursuant to the Lease Agreement, from advance rental payments, upon payment in each case of the applicable Redemption Price (expressed as a percentage of the principal amount of such Series 2001 Bonds to be redeemed), as set forth in the schedule below, together with unpaid interest accrued to the date fixed for redemption, in the manner and subject to the provisions of the Indenture.

<b>Redemption Period (Dates Inclusive)</b>	<b>Redemption Price</b>
September 1, 2011 and thereafter .....	100%

Special Redemption. The Series 2001 Bonds are subject to special optional redemption, at the option of the Institution, at any time prior to maturity, in whole or in part, at the redemption price of one hundred per centum (100%) of the unpaid principal amount of Bonds to be redeemed, together with interest accrued thereon to the date of redemption, (i) from net proceeds of insurance or condemnation

awards upon the damage, destruction or condemnation of the Facility, (ii) upon federal, state or local governmental action rendering operation of the Institution infeasible or (iii) from proceeds of title insurance.

Mandatory Sinking Fund Redemption

a) The Series 2001 Bonds maturing on September 1, 2016, 2021 and 2031 are subject to mandatory redemption by the Agency prior to maturity in part on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to the principal amount thereof (but without premium), together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments, provided that the amounts of such Sinking Fund Installments may be reduced by the credits provided for in the Indenture and the Series 2001 Bonds

Term Bonds Maturing  
On September 1, 2016

<u>September 1,</u>	<u>Sinking Fund Payment</u>
2012	\$420,000
2013	440,000
2014	465,000
2015	485,000
2016*	510,000

Term Bonds Maturing  
On September 1, 2021

<u>September 1,</u>	<u>Sinking Fund Payment</u>
2017	\$535,000
2018	565,000
2019	595,000
2020	625,000
2021*	660,000

Term Bonds Maturing  
On September 1, 2031

<u>September 1,</u>	<u>Sinking Fund Payment</u>
2022	\$695,000
2023	730,000
2024	770,000
2025	810,000
2026	850,000
2027	895,000
2028	945,000
2029	995,000
2030	1,045,000
2031*	1,100,000

\*final maturity

(b) Mandatory Redemption Upon Failure to Operate Facility in Accordance with Applicable Law or Maintain Commercial General Liability Insurance. The Series 2001 Bonds are also subject to redemption prior to maturity, at the option of the Agency, as a whole only, on any interest payment date, in the event (i) the Agency determines that the Institution is not operating the Facility as a qualified "project" under the Act (as defined in the Indenture), or is operating the Facility in violation of material applicable law, and the Institution fails to cure such noncompliance within 60 days of the receipt by the Institution of written notice of such noncompliance from the Agency and a demand by the Agency on the Institution to cure such noncompliance, or (ii) the Institution fails to obtain or maintain the commercial general liability insurance with respect to the Facility required under the Lease Agreement,

and the Institution fails to cure such noncompliance within 10 days of the receipt by the Institution of written notice of such noncompliance from the Agency and a demand by the Agency on the Institution to cure such noncompliance, in either case, upon notice or waiver of notice as provided in the Indenture, at the Redemption Price of one hundred per centum (100%) of the unpaid principal amount of the Series 2001 Bonds, together with interest accrued thereon to the date of redemption.

#### **Notice and Effect of Redemption; Partial Redemption**

Notice of Redemption. Notice of redemption of the Series 2001 Bonds or any portion thereof will be given by the Trustee by first class mail, postage prepaid, not more than forty-five (45) days but not less than thirty (30) days prior to the redemption date, to the registered owners of the Series 2001 Bonds which are to be redeemed, at their last addresses, if any, appearing on the registration books of the Agency maintained by the Trustee, all in the manner and upon the terms and conditions set forth in the Indenture. Any defect in or failure to give such notice shall not affect the validity of the proceedings for the redemption of the Series 2001 Bonds with respect to which proper mailing was effected. No notice of redemption need be given if the registered owners of all Series 2001 Bonds to be called for redemption waive notice thereof in writing, and such waiver is filed with the Trustee not later than thirty (30) days prior to the redemption date. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered owner of the Series 2001 Bond(s) called for redemption receives such notice.

Payment of Redeemed Bonds. Notice having been given in the manner provided in the Indenture, the Series 2001 Bonds, or any portion thereof, so called for redemption will become due and payable on the redemption date specified in said notice at the Redemption Price, plus interest accrued and unpaid to the redemption date and, upon presentation and surrender of the Series 2001 Bonds so to be redeemed at the office specified in such notice, such Series 2001 Bonds or principal portions thereof, will be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all Series 2001 Bonds or portions thereof to be redeemed, together with interest to the redemption date, are held by the Trustee or the Paying Agent so as to be available therefore on said date and if notice of redemption will have been given or waived as aforesaid, then, from and after the redemption date (unless such redemption will be prohibited by the Indenture), interest on such Series 2001 Bonds or portions thereof so called for redemption will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of particular Series 2001 Bonds or portions thereof will be held in trust for the account of the Owner of such Series 2001 Bonds or portions thereof called for redemption. If said moneys are not available on the redemption date, or if such redemption is prohibited by the Indenture, the Series 2001 Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Selection of Bonds for Redemption. If less than all of the Series 2001 Bonds of a maturity are to be redeemed, the Trustee will select the Series 2001 Bonds of such maturity to be redeemed by lot or in any customary manner of selection as determined by the Trustee.

No Partial Redemption After Default. Notwithstanding anything in the Indenture to the contrary, if an Event of Default has occurred and is continuing under the Indenture, there will be no redemption of less than all of the Series 2001 Bonds Outstanding.

#### **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2001 Bond certificate will be issued for

each maturity of the Series 2001 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2001 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2001 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2001 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2001 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2001 Bonds, except in the event that use of the book-entry system for the Series 2001 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2001 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2001 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2001 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2001 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to Cede & Co. (or such other nominee). If less than all of the Series 2001 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2001 Bonds. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the Agency as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s

consenting or voting rights to those Direct Participants to whose accounts the Series 2001 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2001 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participant's accounts upon receipt of funds and corresponding detail information from the Agency or Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

The Agency and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2001 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2001 Bonds, giving any notice permitted or required to be given to registered owners under the Indenture, registering the transfer of Series 2001 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Agency and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2001 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Agency (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2001 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Agency; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2001 Bonds at any time by giving reasonable notice to the Agency and the Trustee, or the Agency may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Agency may retain another securities depository for the Series 2001 Bonds or may direct the Trustee to deliver Series 2001 Bond certificates in accordance with instructions from DTC or its successor. If the Agency directs the Trustee to deliver such Series 2001 Bond certificates, such Series 2001 Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 2001 Bonds in any other authorized denominations and of the same maturity, as set forth in the Indenture, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Agency.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry Only System" has been extracted from information given by DTC. Neither the Agency, the Trustee nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereto.

NEITHER THE AGENCY, THE TRUSTEE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AGENCY'S OBLIGATION UNDER THE ACT AND THE INDENTURE TO THE EXTENT OF SUCH PAYMENTS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2001 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OF SERIES 2001 BONDS OR REGISTERED OWNERS OF THE SERIES 2001 BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2001 BONDS.

### **RATINGS**

Fitch, Inc. ("Fitch") has given the Series 2001 Bonds a rating of "AA-." Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from Fitch, One State Street Plaza, New York, New York 10004, Telephone: (212) 908-0500. Moody's Investors Service, Inc. ("Moody's") has given the Series 2001 Bonds a rating of "A1." Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from Moody's, 99 Church Street, New York, New York 10007, Telephone: (212) 553-0300. There is no assurance that either rating will continue for any given period of time or that either or both will not be revised downward or withdrawn entirely by a rating agency if in the judgment of such rating agency circumstances so warrant.

The ratings are not a recommendation to buy, sell or hold the Series 2001 Bonds, and such ratings may be subject to revision or withdrawal at any time by Moody's and Fitch, respectively. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2001 Bonds.

### **LEGAL INVESTMENTS**

Under the provisions of the Act, the Series 2001 Bonds are made securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them. The Series 2001 Bonds are also made securities which may be deposited with and will be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized. Certain of such investors may be subject to separate restrictions which limit or prevent their investment in the Series 2001 Bonds.

### **LITIGATION**

There is no litigation of any nature pending to which the Agency has notice or threatened to the knowledge of the Agency against the Agency to restrain or enjoin the issuance, sale, execution, or delivery of the Series 2001 Bonds or the application of the proceeds thereof toward the Costs of the Facility, or in any way contesting or affecting the validity of the Series 2001 Bonds or any proceedings of

the Agency taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security for the Series 2001 Bonds or the existence or powers of the Agency.

There is no litigation pending or, to the Institution's knowledge, threatened against the Institution, wherein an unfavorable decision would adversely affect the ability of the Institution to construct or operate the Facility or to carry out its obligations under the Indenture or would have a material adverse impact on the financial position of the Institution.

### **APPROVAL OF LEGALITY**

Certain legal matters incident to the authorization, issuance and sale of the Series 2001 Bonds will be passed upon by Winston & Strawn, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Agency by its Vice President for Legal Affairs, Richard E. Marshall, Esq. New York, New York. Certain legal matters will be passed upon for the Underwriter by their counsel, Squire, Sanders & Dempsey L.L.P., New York, New York. Certain legal matters will be passed upon for the Institution by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

### **TAX MATTERS**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, restrictions on the investment of proceeds and other amounts, required ownership and use of a facility by a Section 501(c)(3) organization or a governmental unit, limits on the amount of tax-exempt financing of capital expenditures incurred on or before August 5, 1997 from which certain users of the facilities resulting from such expenditures (and related parties) may benefit, and rebate to the United States of certain earnings with respect to investments. Failure to comply with the continuing requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Indenture and accompanying documents, exhibits, and certificates, the Lessee has covenanted to comply with certain procedures, and has made certain representations and certifications, designed to assure compliance with the requirements of the Code.

In the opinion of Winston & Strawn, New York, New York ("Bond Counsel"), assuming continuing compliance by the Lessee with the covenants, and the accuracy of the representations, discussed above, under existing statutes, regulations, rulings, and court decisions, interest on the Bonds is not includable in gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax on individuals and corporations. However, interest on the Bonds owned by corporations (other than S corporations, Regulated Investment Companies, Real Estate Investment Trusts, Real Estate Mortgage Investment Conduits, and Financial Asset Securitization Investment Trusts) will be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations (but not individuals). Corporate purchasers of Bonds should consult their tax advisors concerning the computation of any alternative minimum tax.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificates, and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally-recognized bond counsel. Winston & Strawn expresses no

opinion regarding any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Winston & Strawn.

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of tax-exempt obligations may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain subchapter S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors regarding any possible collateral tax consequences with respect to Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. At times, bills have been introduced to significantly modify federal tax laws that would, if enacted, directly or indirectly substantially diminish the economic value of municipal bonds such as the Bonds and, in some proposals, repeal the tax-exempt status of municipal bonds. No representation is made regarding the likelihood of such proposals being enacted, or if enacted, the effective date of any such legislation, and no assurance can be given that any future proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds. In addition, no assurance can be given that further legislation, or amendments to the State income tax law, if enacted into law, will not contain provisions that could, directly or indirectly, reduce or eliminate the benefit of the exclusion of the interest on the Bonds from New York State (or local) personal income taxes.

### **Original Issue Discount**

Certain maturities of the Bonds may initially be offered to the public at prices less than the principal amount thereof payable at maturity. If the first price at which a substantial amount of the Bonds of the same maturity is sold in the initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) is less than the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue discount with respect to each Bond of the same maturity (the "Discount Bonds"). Bond Counsel is of the opinion that original issue discount, as it accrues, is not includable in gross income for federal income tax purposes, and is subject to the alternative minimum tax, to the same extent as is interest on the Bonds. Original issue discount accrues in each taxable year over the term of the Discount Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code, with certain adjustments. Original issue discount may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the Agency or the Lessee encounters financial difficulties. Accruals of original issue discount are treated as tax-exempt interest earned by beneficial owners of the Discount Bonds who are on the accrual basis of tax accounting, and as tax-exempt interest earned by beneficial owners who are on the cash basis of tax accounting (with possible tax consequences under the alternative minimum tax, environmental tax, and as discussed below), even though no cash is received in the year of accrual. The tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to such beneficial owner's purchase price of such Discount Bond the original issue discount that has accrued. Beneficial owners of Discount Bonds should consult their tax advisors with respect to the calculation of the amount of original issue discount that will be treated for federal income tax purposes as having accrued for any taxable year (or portion thereof) of

such beneficial owner, and with respect to other federal, state, and local tax consequences of owning and disposing of Discount Bonds.

### **Original Issue Premium**

Certain maturities of the Bonds may initially be offered to the public at prices greater than the principal amount thereof payable at maturity. If Bonds are sold at prices in excess of their principal amount ("Premium Bonds"), the excess constitutes amortizable bond premium that, as it amortizes, will reduce the beneficial owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity, or other disposition of Premium Bonds. Accordingly, a beneficial owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond even though the Premium Bond is sold or disposed of for a price equal to the beneficial owner's original cost of acquiring the Premium Bond. No deduction is allowable for amortizable bond premium. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Generally, under this method, the portion of bond premium that amortizes in a taxable year will increase from taxable year to taxable year in a geometrical progression over the term of the Premium Bonds. The premium amortized in a taxable year reduces the amount of tax-exempt interest received or accrued in such year; however, if the premium amortized exceeds the stated tax-exempt interest for such year, the excess is not deductible in determining taxable income. Beneficial owners of Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the beneficial owner, and with respect to other federal, state, and local tax consequences of owning and disposing of Premium Bonds.

In the opinion of Bond Counsel, the interest on the Series 2001 Bonds is exempt under existing statutes from personal income taxes of the State and its political subdivisions (including the City). See "PROPOSED FORM OF BOND COUNSEL OPINION" in Appendix G.

Reference is made to Appendix G hereto for the proposed form of the approving opinion expected to be rendered by Bond Counsel in connection with the Series 2001 Bonds.

### **UNDERWRITING**

The Series 2001 Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed to purchase the Series 2001 Bonds at an aggregate underwriting discount of \$151,710.16 from the public offering price of the Series 2001 Bonds set forth on the cover hereof. The purchase contract for the Series 2001 Bonds provides that the Underwriter will purchase all the Series 2001 Bonds, if any are purchased. The Institution will indemnify the Underwriter and the Agency against losses, claims, damages and liabilities arising out of any incorrect statement or information contained in or information omitted from this Official Statement. The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter, and the Underwriter may offer to sell the Series 2001 Bonds to certain dealers and others at prices lower than the offering prices set forth on the cover page hereof.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the Institution will undertake in a written agreement (the "Continuing Disclosure Agreement") with the Trustee for the benefit of the Holders of the Series 2001 Bonds to provide to the Trustee, on or before 120 days after the end of each fiscal year, commencing with the fiscal year of the Institution ending September 30, 2002, for filing by the Trustee with each nationally recognized municipal securities information repository designated by the Securities and Exchange

Commission in accordance with Rule 15c2-12 (each a "Repository"), and if and when one is established, the New York State Information Depository (the "State Information Depository"), on an annual basis, operating data and financial information of the type hereinafter described which is included in this Official Statement (the "Annual Information"), together with the Institution's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the Institution, the Trustee has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the Institution, to file such information and financial statements, as promptly as practicable, but no later than three business days after receipt of the information by the Trustee from the Institution, with each such Repository and to the State Information Depository. In addition, the Trustee has undertaken, for the benefit of the Holders of the Series 2001 Bonds, to provide to each such Repository or to the Municipal Securities Rulemaking Board (the "MSRB"), and to the State Information Depository, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices").

The Annual Information will consist of the following: (a) operating data and financial information of the type included in Appendix A of this Official Statement under the heading "Financial Information" relating to: (1) *revenues and expenses*, similar to that set forth under the heading "Summary of Revenues and Expenses" and in the table under the heading "Management's Discussion and Analysis: Fiscal Years 1998-2000 - Revenue Analysis," (2) *assets and liabilities*, similar to that set forth in the table under the heading "Statement of Financial Position," and (3) *the endowment portfolio*, similar to that set forth in the table under the heading "Endowment Market Value Analysis;" together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Institution and in judging the financial and operating condition of the Institution.

The Notices include notices of any of the following events with respect to the Series 2001 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or events affecting the tax-exempt status of the Series 2001 Bonds; (6) modifications to the rights of Holders of the Series 2001 Bonds; (7) bond calls; (8) defeasances; (9) release, substitution, or sale of property securing repayment of the Series 2001 Bonds; and (10) rating changes. In addition, the Agency will undertake, for the benefit of the Holders of the Series 2001 Bonds, to provide to each Repository or the MSRB and to the State Information Depository, in a timely manner, notice of any failure by the Institution to provide the Annual Information and annual financial statements by the date required in the Institution's undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement is an action to compel specific performance of the undertakings of the Institution and/or the Agency, and no person, including any Holder of the Series 2001 Bonds, may recover monetary damages thereunder under any circumstances. The Trustee or the Institution may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2001 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2001 Bonds or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2001 Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2001 Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement does not

constitute an Event of Default under the Indenture, the Lease Agreement, the Company Lease, the Guaranty Agreement or the Continuing Disclosure Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, will no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided. The description is not intended to state more than general categories of financial information and operating data. Where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement may be amended or modified without the consent of the Holders of Series 2001 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement are on file at the principal office of the Agency.

### **OTHER MATTERS**

Any statements herein involving matters of opinion, whether or not expressly so stated, are stated as such and not as representations of fact.

The Agency has furnished only the information included herein under the section entitled "THE AGENCY" and information concerning the Agency under the headings "INTRODUCTORY STATEMENT" and "LITIGATION."

The foregoing summaries or descriptions of provisions of the Series 2001 Bonds, the Indenture, the Company Lease, the Lease Agreement, the Guaranty, the Assignment of Leases and the Act, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. For a complete description of the provisions of the Indenture, the Company Lease, the Lease Agreement, the Guaranty and the Act, reference is made to the documents in their entireties, copies of which will be on file at the principal corporate trust office of the Trustee.

The Agency and the Institution have authorized the distribution of this Official Statement.

NEW YORK CITY INDUSTRIAL  
DEVELOPMENT AGENCY

By:           /s/ Carolyn Edwards          

INSTITUTE OF INTERNATIONAL EDUCATION,  
INC.

By:           /s/ Allan E. Goodman