

## ESCROW CONTRACT

This Escrow Contract, dated as of December 30, 2009 (the "Escrow Contract") by and between the Gananda Central School District, Wayne County, New York, a school district of the State of New York, (the "School District"), and The Bank of New York Mellon, a banking corporation duly organized, existing and authorized to accept trusts of the character herein set forth in the State of New York (the "Bank"):

### WITNESSETH:

WHEREAS, the School District has heretofore duly issued \$4,500,000 aggregate principal amount of School District (Serial) Bonds, 1996, such bonds being dated June 15, 1996 and maturing in annual installments in each of the years 1997 to 2015, both inclusive (the "1996 Refunded Bonds"), \$1,489,000 aggregate principal amount of School District (Serial) Bonds, 1997, such bonds being dated February 15, 1997 and maturing in annual installments in each of the years 1997 to 2015, both inclusive (the "1997 Refunded Bonds"), and \$8,000,000 aggregate principal amount of School District (Serial) Bonds, 2001, such bonds being dated January 15, 2001 and maturing in annual installments in each of the years 2001 to 2019, both inclusive (the "2001 Refunded Bonds," and, collectively with the 1996 Refunded Bonds and the 1997 Refunded Bonds, the "Refunded Bonds"), as more fully described therein; and

WHEREAS, the 1996 Refunded Bonds were authorized pursuant to a bond resolution dated March 8, 1995, to pay costs of capital improvements consisting of additions to, and reconstruction of, school buildings; the 1997 Refunded Bonds were authorized pursuant to a bond resolution dated March 8, 1995, to pay costs of capital improvements consisting of additions to, and reconstruction of, school buildings; and the 2001 Refunded Bonds were authorized pursuant to a bond resolution dated June 9, 1999, to pay costs of capital improvements consisting of additions to, and reconstruction of, school buildings, school building construction and land acquisition; and

WHEREAS, the 1996 Refunded Bonds maturing on June 15, 2011 and thereafter are subject to redemption prior to maturity on any interest payment date on or after June 15, 2010 in accordance with the provisions relating thereto set forth in the 1996 Refunded Bonds, the 1997 Refunded Bonds maturing on June 15, 2011 and thereafter are subject to redemption prior to maturity on any interest payment date on or after June 15, 2010 in accordance with the provisions relating thereto set forth in the 1997 Refunded Bonds, and the 2001 Refunded Bonds maturing on June 15, 2011 and thereafter are subject to redemption prior to maturity on any interest payment date on or after June 15, 2010 in accordance with the provisions relating thereto set forth in the 2001 Refunded Bonds; and

WHEREAS, the Board of Education of the School District has adopted a Refunding Bond Resolution on November 11, 2009 (the "Refunding Bond Resolution"), authorizing the issuance pursuant to Section 90.10 of the Local Finance Law (constituting Chapter 33-A of the Consolidated Laws of the State of New York) of refunding bonds of the School District (the "Refunding Bonds") for the purpose of refunding all or a portion of the

aggregate principal amount of the Refunded Bonds outstanding (a \$1,250,000 portion of the outstanding principal balance of the 1996 Refunded Bonds, a \$425,000 portion of the outstanding principal balance of the 1997 Refunded Bonds, and a \$4,125,000 portion of the outstanding principal balance of the 2001 Refunded Bonds); and

WHEREAS, the Refunding Bond Resolution provides that the proceeds from the sale of the Refunding Bonds, together with other moneys required to accomplish such refunding, if any, shall be placed in escrow with an escrow holder and, together with the interest earned from the investment thereof, applied in accordance with the terms and conditions set forth in §§90.10 and 165.00 of the Local Finance Law and this Escrow Contract and the Refunding Bond Resolution;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. The School District hereby appoints the Bank as escrow holder hereunder (the "Escrow Holder") and the Bank hereby accepts the appointment as Escrow Holder.

2. Receipt is hereby acknowledged by the Escrow Holder of a certified copy of the Refunding Bond Resolution, including the exhibits thereto. Reference herein to, or citation herein of, any provision of the Refunding Bond Resolution shall be deemed to be incorporated as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

3. There is hereby created and established with the Escrow Holder a special, segregated and irrevocable trust fund designated the Gananda Central School District Escrow Deposit Fund (2009 School District Refunding Bonds) (the "Escrow Deposit Fund") to be held in the custody of the Escrow Holder.

4. There is hereby created and established with the Escrow Holder a special, segregated and irrevocable trust fund designated Gananda Central School District Cost of Issuance Expense Fund (2009 School District Refunding Bonds) (the "Expense Fund") to be held in the custody of the Escrow Holder.

5. Concurrently with the execution of this Escrow Contract, the School District shall deposit with the Escrow Holder in the Expense Fund moneys in the amount of \$119,589.37 (\$118,835.69 of which shall be a cash deposit from the School District and not being a part of the proceeds from the sale of the Refunding Bonds and \$753.68 of which being a part of the proceeds from the sale of the Refunding Bonds). The moneys in the Expense Fund shall not be invested, shall be held without liability for interest by the Escrow Holder and shall be applied by the Escrow Holder for the payment of the costs and expenses incidental to the issuance of the Refunding Bonds, including the cost of developing the Refunding Financial Plan referred to in the Refunding Bond Resolution, and the amount due the Escrow Holder pursuant to paragraph 11 hereof, provided that any such payment by the Escrow Holder shall be made only in accordance with the Schedule

of Costs and Expenses attached hereto to be made on, or promptly after the date hereof, or such other costs and expenses incidental to the issuance of the Refunding Bonds and not listed on such attached Schedule, as may be set forth on a further written authorization of the President of the Board of Education of the School District (the "Board President") authorizing and approving the same. Upon receipt by the Bank of a certificate signed by the Board President that all such costs and expenses have been paid or otherwise satisfied, or in any event not more than sixty (60) days from the date of this Escrow Contract, any amount remaining in the Expense Fund shall be returned by the Escrow Holder to the School District to be applied by the School District to the payment of the first debt service on the Refunding Bonds.

6. Concurrently with the execution of this Escrow Contract, the School District shall deposit with the Escrow Holder in the Escrow Deposit Fund moneys in the amount of \$5,945,831.92, being the total of the balance remaining from the proceeds of the School District Refunding Bonds after making the deposit in the Expense Fund specified in paragraph 5 hereof. The amount so deposited in the Escrow Deposit Fund shall immediately be invested as set forth on Schedule A, attached hereto and made a part hereof, by the Escrow Holder through the purchase of Government Obligations (as hereinafter defined), the Escrow Holder receiving said investment versus payment, the principal of which, together with the interest to be paid thereon, and cash remaining on deposit in the Escrow Deposit Fund, if any, will be sufficient to pay, as of the date of calculation, and will mature and be available to pay in a timely manner, the principal of, interest on, and redemption premium payable with respect to, the Refunded Bonds as the same shall become due and payable, as set forth on Schedule B attached hereto and made a part hereof (the "Escrow Requirement"). All moneys received by the Escrow Holder from such investment shall, to the extent that the same are not immediately required for the Escrow Requirement, be reinvested by the Escrow Holder in United States Treasury Obligations - State and Local Government Series bearing interest at a rate of zero per centum (0%) per annum (the "Zero Special Treasury Obligations") as and if specifically provided in Schedule A attached hereto. The School District hereby authorizes and directs the Escrow Holder to enter subscriptions for and to purchase, from time to time, such Zero Special Treasury Obligations for and in the name of the School District, as and if set forth on Schedule A. All such reinvestments shall be made by the Escrow Holder in a manner which will permit moneys received from such reinvestments to be available at such time and in such amounts as are required for the Escrow Requirement. In the event that such Zero Special Treasury Obligations are not available for purchase at the time of any such reinvestment or in the amounts required therefor, the Escrow Holder shall retain such moneys in cash without liability for interest and shall not reinvest the same and shall notify promptly forthwith, in writing, the Board President of the same; provided, however, that at the written direction of the Board President, the Escrow Holder shall reinvest such moneys in Government Obligations having a yield not greater than the yield permitted under Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department thereunder, as then in effect (or make yield reduction payments to the IRS as may be directed by the Board President if permitted by the Code (as hereinafter defined)). The Escrow Holder shall be entitled to rely exclusively

upon an unqualified opinion of Timothy R. McGill, Esq., or the opinion of another attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance as may be designated by the School District, with respect to the determination of whether such reinvestment will have a yield not greater than the yield permitted, which opinion shall accompany the written direction of the Board President, as chief fiscal officer. "Government Obligations" shall mean direct obligations of the United States of America, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which shall not be callable at the option of the issuer thereof. All Government Obligations will be acquired in good faith and value, without notice of any adverse claim. Each uncertificated Government Obligation shall be recorded on the records of the Federal Reserve Bank of New York in the name of the Escrow Holder (or its nominee) acting as a financial intermediary within the meaning of Section 8-313(4) of the Uniform Commercial Code of New York and shall be confirmed to the Escrow Holder by the Federal Reserve Bank of New York and identified on the records of the Escrow Holder, on the day of purchase, as being held for the benefit of the School District for the holders of the foregoing Refunded Bonds of the School District.

7. The Escrow Holder hereby establishes the Escrow Deposit Fund and Expense Fund and acknowledges receipt of the deposit of the moneys therein as set forth in paragraphs 5 and 6 hereof.

8. The deposit by the School District of the moneys in the Escrow Deposit Fund shall constitute an irrevocable deposit thereof for the uses and purposes specified in this Escrow Contract and in the Refunding Bond Resolution, and such moneys and Government Obligations shall be held in trust and applied solely for such uses and purposes.

9. (a) Except as otherwise expressly provided in paragraph 6 and this subparagraph (a), the Escrow Holder shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Government Obligations held hereunder or to sell, transfer or otherwise dispose of the Government Obligations acquired hereunder, or to pay interest on any such moneys not required to be invested hereunder; provided, however, that upon reasonable notice at the written direction of the Board President and upon compliance with the conditions hereinafter stated, the Escrow Holder shall have the power to sell, transfer, otherwise dispose of, or request the redemption of, the Government Obligations acquired hereunder and to substitute therefor other Government Obligations. The Escrow Holder shall purchase such substituted Government Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Government Obligations and funds, if any, provided by the School District for such purpose. The substitution of Government Obligations described above may be effected only if (i) the Escrow Holder have received, at the expense of the School District, a verification report prepared by an independent certified public accountant or firm of independent certified public accountants designated by the Board President (on which verification the Escrow Holder may conclusively rely) confirming that the moneys and Government Obligations on deposit immediately after such substitution will be sufficient to meet or exceed the Escrow

Requirement, (ii) the Escrow Holder shall have received an unqualified opinion of Timothy R. McGill, Esq. or another attorney or firm of attorneys with experience and nationally recognized expertise in the area of municipal finance as may be designated by the School District, to the effect that the substitution will not cause any of the Refunding Bonds to be an "arbitrage bond" as hereinafter defined, and (iii) the Escrow Holder shall receive a schedule showing details of such substitution.

(b) The liability of the Escrow Holder for the payment of the principal of, interest on, and redemption premium, if any, payable with respect to, the Refunded Bonds as set forth in Schedule B, shall be limited to the principal of and interest on the Government Obligations and cash available for such purposes in the Escrow Deposit Fund.

(c) The School District hereby covenants that no part of the moneys or funds at any time in the Expense Fund or Escrow Deposit Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Refunding Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations of the United States Treasury Department promulgated thereunder as then in effect.

(d) The Escrow Holder may consult with counsel of its choice with respect to any question relating to its duties and responsibilities hereunder or otherwise in connection herewith, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. None of the provisions of this Escrow Contract shall require the Escrow Holder to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Holder Agent shall be entitled to rely and shall be protected in acting in reliance upon any order, certification, direction, or instruction furnished to it in writing or pursuant to the provisions of this Escrow Contract and shall be entitled to treat as genuine, and as the document it purports to be, any letter, paper or other document furnished to it and believed by it to be genuine and to have been signed and presented by the proper party or parties. The Escrow Holder shall be under no duty to inquire into or investigate the validity or accuracy of any such document. In the administration of this Escrow Contract, the Escrow Agent may perform any of its duties and exercise any of its powers hereunder through its agents, affiliates, attorneys, or accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

10. The Escrow Holder shall collect the matured principal of and interest on Government Obligations as the same become due and payable and deposit the same in the Escrow Deposit Fund. Not later than the date on which any payment of the Refunded Bonds is required to be made, as set forth in Schedule B, the Escrow Holder shall transmit to The Depository Trust Company, in New York, New York ("DTC"), acting on behalf of the School District as the fiscal agent (*i.e.*, paying agent) for the Refunded Bonds, or to such other paying agent or agents designated in writing by the School District, an amount

sufficient to pay the principal or interest, or both as the case may be, and the redemption premium, if any, of Refunded Bonds next maturing or payable upon the date fixed for redemption, if any.

11. (a) The School District agrees to pay and shall pay to the Escrow Holder from the Expense Fund the sum of \$700.00 as compensation in full for all services to be rendered by the Escrow Holder under this Escrow Contract. The School District also agrees to reimburse the Escrow Holder for all expenses incurred by it under this Escrow Contract, including those incurred in the mailing of said notice as required by Section 19 of this Escrow Contract. The Escrow Holder shall have no lien or right of set-off whatsoever upon any of the moneys or Government Obligations in the Escrow Deposit Fund for such payment. In no event shall the School District be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Holder as set forth in this paragraph.

(b) The Escrow Holder shall not be liable in connection with the performance of its duties hereunder except for its own gross negligence or willful misconduct. The Escrow Holder shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Escrow Contract. The Escrow Holder shall not be liable for the accuracy of the calculations as to the sufficiency of moneys and of the principal amount of the Government Obligations and the earnings thereon to pay the Refunded Bonds. So long as the Escrow Holder applies any moneys, the Government Obligations and the interest earnings therefrom to pay the Refunded Bonds or as otherwise provided herein, and complies fully with the terms of this Escrow Contract, the Escrow Holder shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

(c) The Escrow Holder and its affiliates may become the owner of or may deal in Refunded Bonds, as fully and with the same rights as if it were not the Escrow Holder.

(d) The School District, to the extent permitted by law, agrees to indemnify and save the Escrow Holder harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its gross negligence or willful misconduct, which indemnity will survive termination of the Agreement and the resignation or removal of the Escrow Holder for any reason.

12. The Escrow Holder agrees to maintain books and records for the Expense Fund and the Escrow Deposit Fund and to account separately for deposits therein, investments thereof, earnings thereon and losses (if any) with respect thereto. Not later than thirty days after June 15, 2010, the Escrow Holder shall deliver to the School District a report setting forth the status of such funds as of the close of business on said date.

13. The Escrow Holder may be removed with or without cause at any time by the Board President and the Escrow Holder may resign by giving sixty (60) days written notice to the Board President, but no such removal or resignation shall take effect under this

Escrow Contract unless a successor Escrow Holder shall have been appointed by the Board President as hereinafter provided and such successor Escrow Holder shall have accepted such appointment, in which event such removal or resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Holder. In the event that no appointment of a successor Escrow Holder shall have been made by the Board President pursuant to the foregoing provisions of this Section within forty-five (45) days after written notice of resignation of the Escrow Holder has been given to the Board President or written notice of removal has been given to the Escrow Holder by the board President, any retiring Escrow Holder may apply, at the School District's expense, to any court of competent jurisdiction for the appointment of a successor Escrow Holder, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Holder. No successor Escrow Holder shall be appointed unless such successor Escrow Holder shall be a corporation or association with trust powers organized under the banking laws of the United States or the State of New York, shall have at the time of appointment capital, surplus and undivided profits of not less than \$50,000,000 and shall agree to accept as compensation in full for all services to be rendered by the Escrow Holder under this Escrow Contract the unearned or unrealized portion of the amount initially paid from the Expense Fund, as provided in paragraph 11 hereinabove, or such higher amount as the Board President may approve. Every successor Escrow Holder appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Board President, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Holder without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Holder or the Board President execute and deliver an instrument transferring to such successor Escrow Holder all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every resigning or removed Escrow Holder shall deliver all cash and Government Obligations held by it to its successor; provided, however, that upon the appointment of a successor Escrow Holder or temporary Escrow Holder, any unearned or unrealized portion of the amount initially paid from the Expense Fund to the Escrow Holder as compensation for services to be rendered by the Escrow Holder under this Escrow Contract shall be paid over immediately to such successor or temporary Escrow Holder upon such appointment. For the purposes of this Section, unearned or unrealized portion shall be defined as that portion of said amount unearned or unrealized by the resigning or removed Escrow Holder as if said amount were to have been paid in equal installments for each month or any part thereof for the period from the date hereof through June 15, 2010. In all cases, such installments are to be considered earned or realized as of the payment date applicable to each installment. Should any transfer, assignment or instrument in writing from the Board President be required by any successor Escrow Holder for more fully and certainly vesting in such successor Escrow Holder the estates, rights, powers and duties hereby vested or intended to be vested in the resigning or removed Escrow Holder, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Board President. Any corporation or association into which the Escrow Holder, or any successor to it in the trusts created by this Escrow Contract, may be merged or converted or with which it or any successor to it may be consolidated, or to which it shall sell or

otherwise transfer all or substantially all of its corporate trust business, or any corporation or association resulting from any merger, conversion, consolidation, sale or reorganization to which the Escrow Holder or any successor to it shall be a party shall, if approved in writing by the Board President, be the successor Escrow Holder under this Escrow Contract without the execution or filing of any paper or any act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

14. Except as provided in Section 11(d) hereof, this Escrow Contract shall terminate when there shall have been paid to the paying agent for the Refunded Bonds, in accordance with the provisions hereof, moneys sufficient to pay all principal of, interest on, and redemption premium, if any, payable with respect to, all of the Refunded Bonds as set forth on Schedule B, and any remaining moneys and Government Obligations together with any interest thereon, in the Escrow Deposit Fund shall, upon written direction of the Board President, thereupon be transferred to the School District.

15. If any one or more of the covenants or agreements provided in this Escrow Contract on the part of the parties hereto to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Contract.

16. This Escrow Contract may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original and shall constitute and be but one and the same instrument.

17. This Escrow Contract shall be governed by the applicable laws of the State of New York.

18. All notices, demands and formal actions under this Escrow Contract shall be in writing and mailed, telegraphed or delivered to:

The School District:      Gananda Central School District  
   1500 Dayspring Ridge  
   Gananda, New York 14568  
   Attention:    Superintendent

The Escrow Holder:      The Bank of New York Mellon  
   101 Barclay Street, Floor 21 West  
   New York, New York 10286  
   Attention:    Nicole Pinero, Global Corporate Trust

19. The School District hereby irrevocably instructs the Escrow Holder to mail by first class mail to the registered owners of the Refunded Bonds, as shown upon the registration books of the School District maintained by the fiscal agent of the Refunded Bonds, not more than sixty (60) days nor less than thirty (30) days prior to the (a) June 15,



2010 date set for redemption of the 1996 Refunded Bonds, (b) June 15, 2010 date set for redemption of the 1997 Refunded Bonds, and (c) June 15, 2010 date set for redemption of the 2001 Refunded Bonds, a written notice that on such respective redemption date there shall become due and payable with respect to each respective Refunded Bond to be redeemed the principal amount thereof, together with interest accrued to the redemption date, and the redemption premium payable with respect thereto, if any, and that from and after such redemption date interest thereon shall cease to accrue and be payable and interest maturing subsequent to the redemption date shall be void. Such notice with respect to the Refunded Bonds shall be in substantially the form as set forth in Exhibit A-1, attached hereto.

20. The Escrow Holder shall have the right to accept and act upon instructions or directions pursuant to this Escrow Contract sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the School District by an authorized representative of the School District, who shall provide to the Escrow Holder an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the School District elects to give the Escrow Holder e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Holder in its discretion elects to act upon such instructions, the Escrow Holder's understanding of such instructions shall be deemed controlling. The Escrow Holder shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Holder's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The School District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Holder, including without limitation the risk of the Escrow Holder acting on unauthorized instructions, and the risk of interception and misuse by third parties.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Contract to be executed by their duly authorized officers as of the date first above written.

GANANDA CENTRAL SCHOOL DISTRICT,  
WAYNE COUNTY, NEW YORK

By:

  
\_\_\_\_\_  
President of the Board of Education

THE BANK OF NEW YORK MELLON, as  
Escrow Holder

By:

\_\_\_\_\_  
Title:

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Contract to be executed by their duly authorized officers as of the date first above written.

GANANDA CENTRAL SCHOOL DISTRICT,  
WAYNE COUNTY, NEW YORK

By: \_\_\_\_\_  
President of the Board of Education

THE BANK OF NEW YORK MELLON, as  
Escrow Holder

By: \_\_\_\_\_  
Title: \_\_\_\_\_

STEVEN VACCARELLO  
VICE PRESIDENT

Schedule A

Gananda Central School District,  
Wayne County, New York

School District Refunding (Serial) Bonds, 2009

Escrow Deposit Fund

Investments

<u>Maturity</u>	<u>Type</u>	<u>Coupon</u>	<u>Price</u>	<u>Par Amount</u>	<u>Accrued Interest</u>	<u>Total Costs</u>
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*[See attached]*

plus \$15.92 cash deposit

# ESCROW COST

Gananda Central School District, New York  
 REFUNDING BONDS  
 REFUNDING OF 06/15/1996 BONDS (06/15/2011 - 2015)  
 REFUNDING OF 02/15/1997 BONDS (06/15/2011 - 2015)  
 REFUNDING OF 01/15/2001 BONDS (06/15/2011 - 2019)  
 (AGM -INSURED)

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 \*\* REFUNDS CALLABLE BONDS ONLY \*\*  
 \*\*\* SIZED BY REFUNDED COMPONENT \*\*\*

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	06/15/2010	5,945,816	0.110%	5,945,816.00
		5,945,816		5,945,816.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
12/30/2009	5,945,816	15.92	5,945,831.92
	5,945,816	15.92	5,945,831.92

# ESCROW STATISTICS

Gananda Central School District, New York  
 REFUNDING BONDS  
 REFUNDING OF 06/15/1996 BONDS (06/15/2011 - 2015)  
 REFUNDING OF 02/15/1997 BONDS (06/15/2011 - 2015)  
 REFUNDING OF 01/15/2001 BONDS (06/15/2011 - 2019)  
 (AGM -INSURED)

\*\* REFUNDS CALLABLE BONDS ONLY \*\*  
 \*\*\* SIZED BY REFUNDED COMPONENT \*\*\*

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Disbursement Date	Yield to Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
REFUNDING BONDS, Global Proceeds Escrow:								
	1,284,608.48	0.458	0.109810%	0.109810%		1,271,432.89	13,175.53	0.06
	436,048.04	0.458	0.109813%	0.109813%		431,575.72	4,472.27	0.05
	4,225,175.40	0.458	0.109811%	0.109811%		4,181,839.90	43,335.44	0.06
	5,945,831.92					5,884,848.51	60,983.24	0.17

Delivery date 12/30/2009  
 Arbitrage yield 2.373085%

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## ESCROW REQUIREMENTS

Gananda Central School District, New York  
REFUNDING BONDS  
REFUNDING OF 06/15/1996 BONDS (06/15/2011 - 2015)  
REFUNDING OF 02/15/1997 BONDS (06/15/2011 - 2015)  
REFUNDING OF 01/15/2001 BONDS (06/15/2011 - 2019)  
(AGM -INSURED)

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\*\* REFUNDS CALLABLE BONDS ONLY \*\*  
\*\*\* SIZED BY REFUNDED COMPONENT \*\*\*

Period Ending	Interest	Principal Redeemed	Total
06/15/2010	148,809.38	5,800,000.00	5,948,809.38
	148,809.38	5,800,000.00	5,948,809.38

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# ESCROW SUFFICIENCY

Gananda Central School District, New York  
REFUNDING BONDS  
REFUNDING OF 06/15/1996 BONDS (06/15/2011 - 2015)  
REFUNDING OF 02/15/1997 BONDS (06/15/2011 - 2015)  
REFUNDING OF 01/15/2001 BONDS (06/15/2011 - 2019)  
(AGM -INSURED)

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\*\* REFUNDS CALLABLE BONDS ONLY \*\*  
\*\*\* SIZED BY REFUNDED COMPONENT \*\*\*

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/30/2009		15.92	15.92	15.92
06/15/2010	5,948,809.38	5,948,808.46	-0.92	15.00
	5,948,809.38	5,948,824.38	15.00	

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Schedule B

REFUNDED ISSUES

Gananda Central School District, Wayne County, New York  
School District (Serial) Bonds, 1996

original principal amount:	\$4,500,000
outstanding principal amount:	\$1,500,000
remaining maturities:	June 15 in each of the years 2010 through 2015, both inclusive
interest payable:	December 15 and June 15, commencing June 15, 2010
principal amount to be refunded:	\$1,250,000
maturities to be refunded:	2011 through 2015, both inclusive*

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*SEE ATTACHED*

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WIRING INSTRUCTIONS

Per DTC

Standing Operational Instructions and Procedures

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\* All bonds maturing June 15, 2011 and thereafter to be called for early redemption on June 15, 2010.

PRIOR BOND DEBT SERVICE

Gananda Central School District, New York  
REFUNDING BONDS  
REFUNDING OF 06/15/1996 BONDS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2010			35,250.00	35,250.00	
06/30/2010					35,250.00
12/15/2010			35,250.00	35,250.00	
06/15/2011	250,000	5.625%	35,250.00	285,250.00	
06/30/2011					320,500.00
12/15/2011			28,218.75	28,218.75	
06/15/2012	250,000	5.625%	28,218.75	278,218.75	
06/30/2012					306,437.50
12/15/2012			21,187.50	21,187.50	
06/15/2013	250,000	5.650%	21,187.50	271,187.50	
06/30/2013					292,375.00
12/15/2013			14,125.00	14,125.00	
06/15/2014	250,000	5.650%	14,125.00	264,125.00	
06/30/2014					278,250.00
12/15/2014			7,062.50	7,062.50	
06/15/2015	250,000	5.650%	7,062.50	257,062.50	
06/30/2015					264,125.00
	1,250,000		246,937.50	1,496,937.50	1,496,937.50

Gananda Central School District, Wayne County, New York  
School District (Serial) Bonds, 1997

original principal amount:	\$1,489,000
outstanding principal amount:	\$500,000
remaining maturities:	June 15 in each of the years 2010 through 2015, both inclusive
interest payable:	December 15 and June 15, commencing June 15, 2010
principal amount to be refunded:	\$425,000
maturities to be refunded:	2011 through 2015, both inclusive*

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*SEE ATTACHED*

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WIRING INSTRUCTIONS

Per DTC

Standing Operational Instructions and Procedures

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\* All bonds maturing June 15, 2011 and thereafter to be called for early redemption on June 15, 2010.

PRIOR BOND DEBT SERVICE

Gananda Central School District, New York  
REFUNDING BONDS  
REFUNDING OF 02/15/1997 BONDS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2010			11,262.50	11,262.50	
06/30/2010					11,262.50
12/15/2010			11,262.50	11,262.50	
06/15/2011	75,000	5.300%	11,262.50	86,262.50	
06/30/2011					97,525.00
12/15/2011			9,275.00	9,275.00	
06/15/2012	75,000	5.300%	9,275.00	84,275.00	
06/30/2012					93,550.00
12/15/2012			7,287.50	7,287.50	
06/15/2013	75,000	5.300%	7,287.50	82,287.50	
06/30/2013					89,575.00
12/15/2013			5,300.00	5,300.00	
06/15/2014	100,000	5.300%	5,300.00	105,300.00	
06/30/2014					110,600.00
12/15/2014			2,650.00	2,650.00	
06/15/2015	100,000	5.300%	2,650.00	102,650.00	
06/30/2015					105,300.00
	425,000		82,812.50	507,812.50	507,812.50

PRIOR BOND DEBT SERVICE

Gananda Central School District, New York  
REFUNDING BONDS  
REFUNDING OF 01/15/2001 BONDS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2010			102,296.88	102,296.88	
06/30/2010					102,296.88
12/15/2010			102,296.88	102,296.88	
06/15/2011	450,000	4.750%	102,296.88	552,296.88	
06/30/2011					654,593.76
12/15/2011			91,609.38	91,609.38	
06/15/2012	450,000	4.750%	91,609.38	541,609.38	
06/30/2012					633,218.76
12/15/2012			80,921.88	80,921.88	
06/15/2013	450,000	5.000%	80,921.88	530,921.88	
06/30/2013					611,843.76
12/15/2013			69,671.88	69,671.88	
06/15/2014	450,000	5.000%	69,671.88	519,671.88	
06/30/2014					589,343.76
12/15/2014			58,421.88	58,421.88	
06/15/2015	450,000	5.000%	58,421.88	508,421.88	
06/30/2015					566,843.76
12/15/2015			47,171.88	47,171.88	
06/15/2016	450,000	5.000%	47,171.88	497,171.88	
06/30/2016					544,343.76
12/15/2016			35,921.88	35,921.88	
06/15/2017	475,000	5.000%	35,921.88	510,921.88	
06/30/2017					546,843.76
12/15/2017			24,046.88	24,046.88	
06/15/2018	475,000	5.000%	24,046.88	499,046.88	
06/30/2018					523,093.76
12/15/2018			12,171.88	12,171.88	
06/15/2019	475,000	5.125%	12,171.88	487,171.88	
06/30/2019					499,343.76
	4,125,000		1,146,765.72	5,271,765.72	5,271,765.72

## **Exhibit A-1**

Form of Redemption Notices for  
School District Refunded Bonds  
Gananda Central School District, Wayne County, New York

NOTICE OF REDEMPTION  
To the Holders of  
School District (Serial) Bonds, 1996  
dated June 15, 1996  
of the Gananda Central School District,  
Wayne County, New York

NOTICE IS HEREBY GIVEN pursuant to a School District Refunding Bond Resolution duly adopted by the Board of Education of the Gananda Central School District, Wayne County, New York (the "School District") on November 11, 2009, that the School District has elected to call in and redeem on June 15, 2010 (the "Redemption Date") all of the outstanding \$1,250,000 aggregate principal amount of its School District (Serial) Bonds, 1996, dated June 15, 1996, and maturing June 15 in each of the years 2011 to 2015, both inclusive (the "Bonds"), at par plus accrued interest to the Redemption Date.

NOTICE IS HEREBY FURTHER GIVEN that interest on the Bonds shall cease to be paid after the Redemption Date and interest maturing subsequent to the Redemption Date shall be void.

The Bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Numbers</u>	<u>Premium</u>
06/15/2011	\$250,000	5.625%	364704 ES1	-0-
06/15/2012	\$250,000	5.625%	364704 ET9	-0-
06/15/2013	\$250,000	5.650%	364704 EU6	-0-
06/15/2014	\$250,000	5.650%	364704 EV4	-0-
06/15/2015	\$250,000	5.650%	364704 EW2	-0-

Under the provisions of the Jobs and Growth Relief Reconciliation Act of 2003, paying agents making payments of interest or principal on municipal securities may be obligated to withhold a 28% tax from remittance to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Owners of the Bonds who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the Bonds for payment.

Neither the School District, the Escrow Holder, nor the paying agent shall be responsible for the selection or use of the CUSIP identification numbers printed herein or on the Bonds nor is any representation made as to the correctness of any CUSIP identification number shown herein or printed on the Bonds. Said CUSIP identification numbers are included solely for the convenience of the holders.

Dated: \_\_\_\_\_ 2010

GANANDA CENTRAL SCHOOL DISTRICT,  
WAYNE COUNTY, NEW YORK

By: THE BANK OF NEW YORK MELLON, as  
Escrow Holder



NOTICE OF REDEMPTION  
To the Holders of  
School District (Serial) Bonds, 1997  
dated February 15, 1997  
of the Gananda Central School District,  
Wayne County, New York

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NOTICE IS HEREBY GIVEN pursuant to a School District Refunding Bond Resolution duly adopted by the Board of Education of the Gananda Central School District, Wayne County, New York (the "School District") on November 11, 2009, that the School District has elected to call in and redeem on June 15, 2010 (the "Redemption Date") all of the outstanding \$425,000 aggregate principal amount of its School District (Serial) Bonds, 1997, dated February 15, 1997, and maturing June 15 in each of the years 2011 to 2015, both inclusive (the "Bonds"), at par plus accrued interest to the Redemption Date.

NOTICE IS HEREBY FURTHER GIVEN that interest on the Bonds shall cease to be paid after the Redemption Date and interest maturing subsequent to the Redemption Date shall be void.

The Bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Numbers</u>	<u>Premium</u>
06/15/2011	\$75,000	5.300%	364704 FM3	-0-
06/15/2012	\$75,000	5.300%	364704 FN1	-0-
06/15/2013	\$7,500	5.300%	364704 FP6	-0-
06/15/2014	\$100,000	5.300%	364704 FQ4	-0-
06/15/2015	\$100,000	5.300%	364704 FR2	-0-

Under the provisions of the Jobs and Growth Relief Reconciliation Act of 2003, paying agents making payments of interest or principal on municipal securities may be obligated to withhold a 28% tax from remittance to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Owners of the Bonds who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the Bonds for payment.

Neither the School District, the Escrow Holder, nor the paying agent shall be responsible for the selection or use of the CUSIP identification numbers printed herein or on the Bonds nor is any representation made as to the correctness of any CUSIP identification number shown herein or printed on the Bonds. Said CUSIP identification numbers are included solely for the convenience of the holders.

Dated: \_\_\_\_\_ 2010

GANANDA CENTRAL SCHOOL DISTRICT,  
WAYNE COUNTY, NEW YORK

By: THE BANK OF NEW YORK MELLON, as  
Escrow Holder

NOTICE OF REDEMPTION  
To the Holders of  
School District (Serial) Bonds, 2001  
dated January 15, 2001  
of the Gananda Central School District,  
Wayne County, New York

NOTICE IS HEREBY GIVEN pursuant to a School District Refunding Bond Resolution duly adopted by the Board of Education of the Gananda Central School District, Wayne County, New York (the "School District") on November 11, 2009, that the School District has elected to call in and redeem on June 15, 2010 (the "Redemption Date") all of the outstanding \$4,125,000 aggregate principal amount of its School District (Serial) Bonds, 2001, dated January 15, 2001, and maturing June 15 in each of the years 2011 to 2019, both inclusive (the "Bonds"), at par plus accrued interest to the Redemption Date.

NOTICE IS HEREBY FURTHER GIVEN that interest on the Bonds shall cease to be paid after the Redemption Date and interest maturing subsequent to the Redemption Date shall be void.

The Bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Numbers</u>	<u>Premium</u>
06/15/2011	\$450,000	4.750%	364704 GG5	-0-
06/15/2012	\$450,000	4.750%	364704 GH3	-0-
06/15/2013	\$450,000	5.000%	364704 GJ9	-0-
06/15/2014	\$450,000	5.000%	364704 GK6	-0-
06/15/2015	\$450,000	5.000%	364704 GL4	-0-
06/15/2016	\$450,000	5.000%	364704 GM2	-0-
06/15/2017	\$475,000	5.000%	364704 GN0	-0-
06/15/2018	\$475,000	5.000%	364704 GP5	-0-
06/15/2019	\$475,000	5.125%	364704 GQ3	-0-

Under the provisions of the Jobs and Growth Relief Reconciliation Act of 2003, paying agents making payments of interest or principal on municipal securities may be obligated to withhold a 28% tax from remittance to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Owners of the Bonds who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the Bonds for payment.

Neither the School District, the Escrow Holder, nor the paying agent shall be responsible for the selection or use of the CUSIP identification numbers printed herein or on the Bonds nor is any representation made as to the correctness of any CUSIP identification number shown herein or printed on the Bonds. Said CUSIP identification numbers are included solely for the convenience of the holders.

Dated: \_\_\_\_\_ 2010

GANANDA CENTRAL SCHOOL DISTRICT,  
WAYNE COUNTY, NEW YORK

By: THE BANK OF NEW YORK MELLON, as Escrow  
Holder

Schedule of  
Costs and Expenses

To Be Disbursed from Expense Fund  
On or Promptly After  
December 30, 2009

**DETAILS OF COST OF ISSUANCE**

**Gananda Central School District  
Wayne County, New York**

**SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2009**

Law Offices Timothy McGill Esq	Bond Counsel	25,800.00	BPD email 12/4
Bernard P. Donegan	Financial Advisor	25,500.00	BPD email 12/4
Standard & Poors	Rating Agency	5,950.00	S&P phone 11/19 Mary (discount fee)
Causey Demgen & Moore	Verification Agent	3,100.00	Jblum email 11/19
Bank of New York Mellon	Escrow Holder	700.00	Dsafer email 12/2
Contingencies		950.00	
<b>TOTAL</b>		<b>62,000.00</b>	