

## AUTHORIZATION AND THE REFUNDING PLAN

The Bonds are issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, including particularly § 90.10 thereof, the Education Law and a refunding bond resolution duly adopted by the Board of Education (the "Board") on April 8, 2002.

The Bonds are being issued to refund prior to maturity, \$6,200,000 outstanding principal amount of certain serial bonds of the School District (see next page), which mature in the years 2003 to 2014, inclusive (the "Refunded Bonds"). The School District's refunding financial plan (the "Refunding Plan") provides that a portion of the proceeds from the sale of the Bonds, after payment of underwriting and other costs of issuance related to the Bonds, will be used to purchase non-callable, direct obligations of the United States of America (the "Government Obligations") which, together with remaining cash proceeds of the Bonds, will be placed in an irrevocable escrow fund (the "Escrow Fund") with HSBC Bank USA (the "Escrow Holder"), pursuant to the terms of an escrow contract by and between the School District and the Escrow Holder, dated as of the delivery date of the Bonds (the "Escrow Contract"). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, interest on and applicable redemption premium, if any, of the Refunded Bonds on the date of their maturity or earlier redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the Board and the Escrow Contract, to call for the redemption of the Refunded Bonds on their applicable redemption date, if the School District will realize a present value savings from such redemption. The Refunding Plan projects that the School District will not realize annual and present-value debt service savings. Under §90.10 of the Local Finance Law the School District qualifies for an exception to the present value savings requirement because the School District will receive reduced building aid for debt service in the 2002-03 fiscal year and the 2003-04 fiscal year as the result of the application of assumed amortization to unpaid principal outstanding as of July 1, 2002.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the School District. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all payments of principal, interest and redemption premiums when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be utilized.

The schedule(s) shown on the next page present certain information regarding the Refunded Bond(s).

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

Bennett Kielson Storch DeSantis & Company LLP will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the Underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements of the Refunded Bonds, and (2) the computations of the yield on both the Government Obligations and the Bonds contained in the provided schedules to be used by Bond Counsel in its determination that the interest on the Bonds is excludable from gross income for Federal income tax purposes. Bennett Kielson Storch DeSantis & Company LLP will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

## REFUNDED BONDS

Name of Issue	Maturity Date	Interest Rate	Par Amount	Call Option	Call Price
\$7,600,000 School District (Serial) Bonds, 2001					
	6/15/03	4.400%	\$ 400,000		
	6/15/04	4.400%	425,000		
	6/15/05	4.400%	475,000		
	6/15/06	4.400%	475,000		
	6/15/07	4.400%	475,000		
	6/15/08	4.500%	500,000		
	6/15/09	4.500%	525,000		
	6/15/10	4.500%	550,000		
	6/15/11	4.500%	575,000	6/15/10	100.000
	6/15/12	4.500%	600,000	6/15/10	100.000
	6/15/13	4.500%	600,000	6/15/10	100.000
	6/15/14	4.500%	600,000	6/15/10	100.000
			\$ 6,200,000		
Grand Total:			\$ 6,200,000		