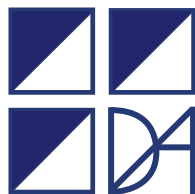


Moody's: Aa3

S&P: AA

(See "RATINGS" herein)

NEW ISSUE



\$140,820,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
YESHIVA UNIVERSITY REVENUE BONDS
SERIES 2009

Dated: Date of Delivery **Due: September 1, as shown below**

DAC Bond

Payment and Security: The Yeshiva University Revenue Bonds, Series 2009 (the "Series 2009 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of June 24, 2009, between Yeshiva University (the "University") and the Authority, and (ii) all funds and accounts, except the Arbitrage Rebate Fund, established in connection with the Series 2009 Bonds under the Authority's Yeshiva University Revenue Bond Resolution, adopted June 24, 2009 (the "Resolution") and the Series Resolution Authorizing Up To \$145,000,000 Yeshiva University Revenue Bonds, adopted June 24, 2009 (the "Series 2009 Resolution" and, together with the Resolution, the "Resolutions").

The Loan Agreement is a general, unsecured obligation of the University and requires the University to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2009 Bonds.

The Series 2009 Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2009 Bonds. The Authority has no taxing power.

Description: The Series 2009 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest due March 1, 2010 and each September 1 and March 1 thereafter will be payable by check or draft mailed to the registered owners of the Series 2009 Bonds at their addresses as shown on the registration books held by the Trustee or, at the option of a holder of at least \$1,000,000 in principal amount of Series 2009 Bonds, by wire transfer to the holder of such Series 2009 Bonds, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal or Redemption Price of the Series 2009 Bonds will be payable at the principal corporate trust office of U.S. Bank, National Association, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of Series 2009 Bonds, by wire transfer to the holder of such Series 2009 Bonds as more fully described herein.

The Series 2009 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 2009 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2009 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2009 BONDS - Book-Entry Only System" herein.

Redemption or Purchase: The Series 2009 Bonds are subject to redemption or purchase prior to maturity as more fully described herein.

Tax Exemption: *In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Series 2009 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Series 2009 Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "PART 11 - TAX MATTERS" herein.*

The Series 2009 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2009 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire, Sanders and Dempsey L.L.P., New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by Andrew J. Lauer, Vice President for Legal Affairs, Secretary and General Counsel to the University, and by the University's special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, New York, New York. The Authority expects to deliver the Series 2009 Bonds in definitive form in New York, New York, on or about July 23, 2009.

| | |
|---------------------------------|-----------------------|
| J.P. Morgan | Morgan Stanley |
| Citi | Merrill Lynch |
| Lebenthal & Co., LLC | |

\$140,820,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
Yeshiva University Revenue Bonds
Series 2009

Dated: Date of Delivery

Interest Payment Date: Each September 1 and March 1 (commencing March 1, 2010)

| <u>Due September 1</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Number¹</u> |
|----------------------------|-----------------------------|--------------------------|--------------|-------------------------------------|
| 2016 | \$4,405,000 | 3.50% | 3.08% | 649905NU6 |
| 2016 | 3,340,000 | 5.00 | 3.08 | 649905PL4 |
| 2017 | 2,245,000 | 3.75 | 3.35 | 649905NV4 |
| 2017 | 5,830,000 | 5.00 | 3.35 | 649905PM2 |
| 2018 | 3,520,000 | 3.75 | 3.55 | 649905NW2 |
| 2019 | 3,680,000 | 5.00 | 3.74 | 649905NX0 |
| 2020 | 3,865,000 | 5.00 | 3.90* | 649905NY8 |
| 2021 | 4,065,000 | 5.00 | 4.07* | 649905NZ5 |
| 2022 | 4,275,000 | 5.00 | 4.21* | 649905PA8 |
| 2023 | 4,470,000 | 4.00 | 4.43 | 649905PB6 |
| 2024 | 4,655,000 | 4.25 | 4.53 | 649905PC4 |
| 2025 | 4,880,000 | 5.00 | 4.53* | 649905PD2 |
| 2026 | 5,130,000 | 5.00 | 4.62* | 649905PE0 |
| 2027 | 5,390,000 | 5.00 | 4.69* | 649905PF7 |
| 2028 | 5,670,000 | 5.00 | 4.76* | 649905PG5 |
| 2029 | 5,960,000 | 5.00 | 4.84* | 649905PH3 |

\$34,705,000 5.00% Term Bonds Due September 1, 2034, Yield 5.13% CUSIP Number 649905PJ9
\$34,735,000 5.00% Term Bonds Due September 1, 2038, Yield 5.18% CUSIP Number 649905PK6

* Priced to the September 1, 2019 par call.

¹ CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2009 Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2009 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2009 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2009 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2009 Bonds.

No dealer, broker, salesperson or other person has been authorized by the Authority, the University or the Underwriters to give any information or to make any representations with respect to the Series 2009 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the University or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2009 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Official Statement has been supplied by the University and other sources that the Authority believes are reliable. Neither the Authority nor the Underwriters guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or the Underwriters.

The University has reviewed the parts of this Official Statement describing the University, the Refunding Plan, the Principal and Interest Requirements, the 2009 Project, the Estimated Sources and Uses of Funds and Appendix B. As a condition to delivery of the Series 2009 Bonds, the University will certify that as of the date of this Official Statement and of delivery of the Series 2009 Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The University makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities law, but the Underwriters do not guarantee the accuracy or completeness of such information.

References in this Official Statement to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2009 Resolution and the Loan Agreement are on file with the Authority and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2009 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

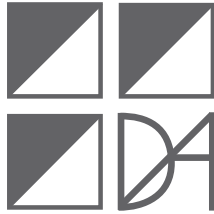
The Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "will," and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the University. These forward-looking statements speak only as of the date of this Official Statement. The University and the Authority disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the University's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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DORMITORY AUTHORITY - STATE OF NEW YORK
PAUL T. WILLIAMS, JR. – EXECUTIVE DIRECTOR

515 BROADWAY, ALBANY, NY 12207
ALFONSO L. CARNEY, JR., ESQ. – CHAIR

OFFICIAL STATEMENT RELATING TO
\$140,820,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
YESHIVA UNIVERSITY REVENUE BONDS
SERIES 2009

PART 1 - INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the University, in connection with the offering by the Authority of \$140,820,000 aggregate principal amount of its Yeshiva University Revenue Bonds, Series 2009 (the “Series 2009 Bonds”).

The following is a brief description of certain information concerning the Series 2009 Bonds, the Authority and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2009 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2009 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used (i) to pay a portion of the Costs of the 2009 Project, (ii) to refund the Authority’s Yeshiva University Insured Revenue Bonds, Series 1998 (the “Refunded Bonds”) and (iii) to pay the Costs of Issuance of the Series 2009 Bonds. See “PART 4 — REFUNDING PLAN,” “PART 5 — THE 2009 PROJECT” and “PART 6 — ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Resolution authorizes the issuance of Bonds pursuant to separate Series Resolutions for the benefit of the University. The Series 2009 Bonds will be issued pursuant to the Act, the Resolution, and the Series 2009 Resolution. The Series 2009 Bonds are the first Series of Bonds to be issued under the Resolution. In addition to the Series 2009 Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay other Costs of one or more projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority or other issuers that were issued on behalf of the University. Each Series of Bonds will be separately secured from each other Series of Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2009 Bonds. See “PART 3 — THE SERIES 2009 BONDS.”

The Authority

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, healthcare, governmental and not-for-profit institutions. See “PART 8 — THE AUTHORITY.”

The University

The University is an independent, coeducational, nonsectarian, not-for-profit institution of higher education accredited by the Middle States Association of Colleges and Schools. The University is located on four campuses in New York City. See “PART 7 - THE UNIVERSITY” and “Appendix B – Consolidated Financial Statements of Yeshiva University and Related Entities and Independent Auditors’ Report.”

The Series 2009 Bonds

The Series 2009 Bonds are dated their date of delivery and bear interest from such date (payable March 1, 2010 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. See “PART 3 - THE SERIES 2009 BONDS - Description of the Series 2009 Bonds.”

Payment of the Series 2009 Bonds

The Series 2009 Bonds are special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the University under the Loan Agreement, which payments are pledged and assigned to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS - Payment of the Series 2009 Bonds.”

Security for the Series 2009 Bonds

The Series 2009 Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2009 Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and the Series 2009 Resolution in connection with the Series 2009 Bonds other than the Arbitrage Rebate Fund.

The Loan Agreement is a general, unsecured obligation of the University. No security interest in any revenues or assets of the University has been granted by the University to the Authority under the Loan Agreement. However, the University may grant and has granted security interests in certain revenues and assets of the University to secure certain of the University’s outstanding indebtedness other than the Series 2009 Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS - Security for the Series 2009 Bonds” and “Issuance of Additional Bonds” and “PART 7 – THE UNIVERSITY – FINANCIAL STATEMENT INFORMATION – Outstanding Long-term Debt and Other Obligations of the University.”

The Series 2009 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2009 Bonds except for the Authority’s responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

The 2009 Project

The 2009 Project consists of: (i) the financing of the construction, renovation, and equipping of new buildings located at the University’s campuses in the Bronx and Manhattan, in New York City; (ii) financing of the acquisition, construction, renovation, improvement, repair and equipping of the exterior and/or interior, or the potential demolition of existing facilities, located at the University’s campuses in the Bronx and Manhattan, in New York City; and (iii) refinancing of a portion of the debt incurred to acquire and maintain certain facilities located at the University’s campuses in Manhattan, in New York City. See “PART 5 - THE 2009 PROJECT.”

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2009 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution and the Series 2009 Resolution. Copies of the Loan Agreement, the Resolution and the Series 2009 Resolution are on file with the Authority and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2009 Bonds

The Series 2009 Bonds will be special obligations of the Authority. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2009 Bonds are payable solely from the Revenues, which consist of payments to be made by the University pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2009 Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders.

The Loan Agreement obligates the University to make payments to satisfy the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Outstanding Series 2009 Bonds. Payments made by the University in respect of interest on the Series 2009 Bonds are to be made on the 10th day of

each February immediately preceding the March 1 and on the 10th day of each August immediately preceding the September 1 on which interest is payable, in each case in an amount equal to the interest coming due on the next succeeding interest payment date. Payments by the University in respect of principal are to be made on the 10th day of each August immediately preceding the September 1 on which such principal becomes due. The Loan Agreement also obligates the University to pay the amount, if any, required to pay the Purchase Price or Redemption Price of such Bonds. See "PART 3 - THE SERIES 2009 BONDS - Redemption and Purchase in Lieu of Redemption Provisions."

The Authority has directed, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal and Redemption Price of and interest on the Series 2009 Bonds.

Security for the Series 2009 Bonds

The Series 2009 Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2009 Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and the Series 2009 Resolution in connection with the Series 2009 Bonds other than the Arbitrage Rebate Fund. Each Series of Bonds issued pursuant to the Resolution will be separately secured from each other Series.

The Series 2009 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2009 Bonds except for the Authority's responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and the Series 2009 Resolution and pledged therefor.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general, unsecured obligations of the University. The obligations of the University to make payments or cause the same to be made under the Loan Agreement are absolute and unconditional and the amount, manner and time of making such payments are not to be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the University may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever.

No security interest in any revenues or assets of the University has been granted by the University to the Authority under the Loan Agreement. However, the University may grant and has granted security interests in certain revenues and assets of the University to secure certain of the University's outstanding indebtedness other than the Bonds. See "PART 7 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Outstanding Long-term Debt and Other Obligations of the University," for a description of such indebtedness of the University secured by certain pledged revenues. In the event of a default under any debt instrument secured by such pledged revenues, the holder or trustee under such debt instrument (including the Authority) will have the right to collect a portion or all of such pledged revenues, and apply the revenues so collected to the payment of amounts due under such debt instrument. Any revenues so collected and applied will not be available for satisfying any of the University's obligations under the Loan Agreement.

Events of Default and Acceleration

The following are events of default under the Resolution with respect to the Series 2009 Bonds: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by the Authority in the payment of interest on any Bond; (iii) a Determination of Taxability shall have occurred and be continuing; (iv) a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2009 Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Series 2009 Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in

principal amount of the Outstanding Series 2009 Bonds, shall declare the principal of and interest on all the Outstanding Series 2009 Bonds to be due and payable. At any time after the principal of the Series 2009 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2009 Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the University within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2009 Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2009 Bonds.

Issuance of Additional Bonds

In addition to the Series 2009 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority or other issuers that were issued on behalf of the University. Each Series of Bonds will be separately secured from each other Series of Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2009 Bonds. The Series 2009 Bonds will be the first Series of Bonds issued under the Resolution.

General

The Series 2009 Bonds will not be a debt of the State and the State will not be liable on the Series 2009 Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See "PART 8 — THE AUTHORITY."

PART 3 - THE SERIES 2009 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2009 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2009 Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "Appendix C — Summary of Certain Provisions of the Loan Agreement" and "Appendix D — Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2009 Bonds.

Description of the Series 2009 Bonds

The Series 2009 Bonds will be issued pursuant to the Resolution and the Series 2009 Resolution and will be dated their date of delivery and bear interest from such date (payable March 1, 2010 and on each September 1 and March 1 thereafter) at the rates set forth on the cover page of this Official Statement.

The Series 2009 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2009 Bonds will be payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2009 Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the interest payment date. If the Series 2009 Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2009 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of U.S. Bank, National Association, the Trustee and Paying Agent.

The Series 2009 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2009 Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2009 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2009 Bonds will be made by the Trustee directly to Cede & Co.

Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2009 Bonds is the responsibility of DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2009 Bonds, the Series 2009 Bonds will be exchangeable for fully registered Series 2009 Bonds in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “ - Book-Entry Only System” below and “Appendix D - Summary of Certain Provisions of the Resolution.”

For a more complete description of the Series 2009 Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2009 Bonds are subject to redemption and to purchase in lieu of optional redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2009 Bonds, see “Appendix D—Summary of Certain Provisions of the Resolution.”

Optional Redemption

The Series 2009 Bonds maturing on or before September 1, 2019 are not subject to optional redemption prior to maturity. The Series 2009 Bonds maturing after September 1, 2019 are subject to redemption prior to maturity at the option of the Authority on or after September 1, 2019, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption

The Series 2009 Bonds maturing after September 1, 2019 are also subject to purchase in lieu of optional redemption prior to maturity at the option of the University with the consent of the Authority, on or after September 1, 2019, in any order, in whole or in part at any time, at a purchase price equal to 100% of the principal amount of the Series 2009 Bonds to be purchased, plus accrued interest (the “Purchase Price”) to the date set for purchase (the “Purchase Date”).

Mandatory Redemption

The Series 2009 Bonds are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of Series 2009 Bond to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2009 Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2009 Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Authority shall be required to pay for the retirement of the Series 2009 Bonds maturing on September 1 of each of the years set forth in the following table, the amount set forth opposite such year:

**Series 2009 Bonds
Maturing September 1, 2034**

| <u>Year</u> | <u>Sinking Fund Installment</u> |
|-------------|-------------------------------------|
| 2030 | \$6,265,000 |
| 2031 | 6,585,000 |
| 2032 | 6,925,000 |
| 2033 | 7,280,000 |
| 2034 | 7,650,000 [†] |

**Series 2009 Bonds
Maturing September 1, 2038**

| <u>Year</u> | <u>Sinking Fund Installment</u> |
|-------------|-------------------------------------|
| 2035 | \$8,045,000 |
| 2036 | 8,455,000 |
| 2037 | 8,890,000 |
| 2038 | 9,345,000 [†] |

[†] Final Maturity

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2009 Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of the Authority, (C) purchased by the University or the Authority and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2009 Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2009 Bonds so purchased payable on the next succeeding September 1. Series 2009 Bonds redeemed at the option of the Authority, purchased by the Authority or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as the Authority may direct in its discretion. To the extent the Authority's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2009 Bonds of the maturity so purchased will be reduced for such year.

Special Redemption

The Series 2009 Bonds are subject to redemption prior to maturity at the option of the Authority in any order, as a whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the portion of the 2009 Project to which such proceeds relate or the project financed by the Refunded Bonds, and (ii) from unexpended proceeds of the Series 2009 Bonds upon the abandonment of all or a portion of the 2009 Project or the project financed by the Refunded Bonds due to a legal or regulatory impediment.

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2009 Bonds, the Authority will select the maturities of the Series 2009 Bonds to be redeemed. If less than all of the Series 2009 Bonds of a maturity are to be redeemed, the Series 2009 Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

Generally, the Trustee is to give notice of the redemption of the Series 2009 Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2009 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than 10 Business Days prior to the date such notice is given. Each notice of redemption, other than a notice of "Special Redemption" may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2009 Bonds to be redeemed. The failure of any owner of a Series 2009 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2009 Bond.

If on the redemption date moneys for the redemption of the Series 2009 Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2009 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2009 Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Series 2009 Bonds will be given in the name of the University to the registered owners of the Series 2009 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2009 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2009 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2009 Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of the Authority evidenced thereby. Such Series 2009 Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The University's obligation to purchase a Series 2009 Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2009 Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2009 Bonds to be purchased, the former registered owners of such Series 2009 Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2009 Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2009 Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2009 Bonds of a maturity are to be purchased, the Series 2009 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2009 Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2009 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution." Also see "- Book-Entry Only System" below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2009 Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2009 Bonds. The Series 2009 Bonds will be issued as fully-registered securities 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 2009 Bond certificate will be issued for each maturity of the Series 2009 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 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 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of

the actual Beneficial Owners of the Series 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2009 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 any other DTC nominee) will consent or vote with respect to the Series 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 2009 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 2009 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, 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 Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2009 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2009 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2009 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee have no responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2009 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 Authority (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 2009 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 Authority; 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 such 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 service as depository with respect to the Series 2009 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2009 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2009 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2009 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest

payments. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2009 BONDS.

So long as Cede & Co. is the registered owner of the Series 2009 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2009 Bonds (other than under the caption "PART 10 — TAX MATTERS" herein) means Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2009 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2009 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2009 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2009 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Series 2009 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Authority or restricted registration is no longer in effect, Series 2009 Bond certificates will be delivered as described in the Resolutions.

NEITHER THE AUTHORITY, THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2009 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2009 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2009 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2009 BONDS; OR (VI) ANY OTHER MATTER.

Principal, Sinking Fund Installments and Interest Requirements

The following table sets forth the amounts required to be paid by the University during each twelve month period ending June 30 of the years shown, after giving effect to the refunding of the Refunded Bonds, for the payment of debt service on the currently outstanding indebtedness of the University, the principal, sinking fund installment and interest on the Series 2009 Bonds and the total debt service on all indebtedness of the University, including the Series 2009 Bonds.

Series 2009 Bonds

| <u>12-Month Period Ending June 30</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Total Debt Service on the Series 2009 Bonds</u> | <u>Debt Service on Other Indebtedness¹</u> | <u>Total Debt Service</u> |
|---|-------------------------------|------------------------------|--|---|-----------------------------------|
| 2009 | \$ - | \$ - | \$ - | \$ 11,020,454 | \$ 11,020,454 |
| 2010 | - | 4,131,857 | 4,131,857 | 11,015,681 | 15,147,538 |
| 2011 | - | 6,823,250 | 6,823,250 | 11,011,425 | 17,834,675 |
| 2012 | - | 6,823,250 | 6,823,250 | 11,001,291 | 17,824,541 |
| 2013 | - | 6,823,250 | 6,823,250 | 10,999,991 | 17,823,241 |
| 2014 | - | 6,823,250 | 6,823,250 | 10,997,259 | 17,820,509 |
| 2015 | - | 6,823,250 | 6,823,250 | 10,332,006 | 17,155,256 |
| 2016 | - | 6,823,250 | 6,823,250 | 10,332,553 | 17,155,803 |
| 2017 | 7,745,000 | 6,662,663 | 14,407,663 | 10,330,903 | 24,738,566 |
| 2018 | 8,075,000 | 6,314,231 | 14,389,231 | 10,330,369 | 24,719,600 |
| 2019 | 3,520,000 | 6,060,388 | 9,580,388 | 10,325,744 | 19,906,131 |
| 2020 | 3,680,000 | 5,902,388 | 9,582,388 | 10,327,731 | 19,910,119 |
| 2021 | 3,865,000 | 5,713,763 | 9,578,763 | 10,320,688 | 19,899,450 |
| 2022 | 4,065,000 | 5,515,513 | 9,580,513 | 10,318,969 | 19,899,481 |
| 2023 | 4,275,000 | 5,307,013 | 9,582,013 | 10,316,675 | 19,898,688 |
| 2024 | 4,470,000 | 5,110,738 | 9,580,738 | 10,313,031 | 19,893,769 |
| 2025 | 4,655,000 | 4,922,419 | 9,577,419 | 10,304,897 | 19,882,316 |
| 2026 | 4,880,000 | 4,701,500 | 9,581,500 | 10,306,506 | 19,888,006 |
| 2027 | 5,130,000 | 4,451,250 | 9,581,250 | 10,299,594 | 19,880,844 |
| 2028 | 5,390,000 | 4,188,250 | 9,578,250 | 10,298,272 | 19,876,522 |
| 2029 | 5,670,000 | 3,911,750 | 9,581,750 | 10,296,400 | 19,878,150 |
| 2030 | 5,960,000 | 3,621,000 | 9,581,000 | 10,288,088 | 19,869,088 |
| 2031 | 6,265,000 | 3,315,375 | 9,580,375 | 6,518,819 | 16,099,194 |
| 2032 | 6,585,000 | 2,994,125 | 9,579,125 | 6,517,203 | 16,096,328 |
| 2033 | 6,925,000 | 2,656,375 | 9,581,375 | 6,520,469 | 16,101,844 |
| 2034 | 7,280,000 | 2,301,250 | 9,581,250 | 6,517,847 | 16,099,097 |
| 2035 | 7,650,000 | 1,928,000 | 9,578,000 | - | 9,578,000 |
| 2036 | 8,045,000 | 1,535,625 | 9,580,625 | - | 9,580,625 |
| 2037 | 8,455,000 | 1,123,125 | 9,578,125 | - | 9,578,125 |
| 2038 | 8,890,000 | 689,500 | 9,579,500 | - | 9,579,500 |
| 2039 | 9,345,000 | 233,625 | 9,578,625 | - | 9,578,625 |

¹ Total Debt Service does not include Debt Service on the Refunded Bonds.

PART 4 - THE REFUNDING PLAN

A portion of the proceeds of the Series 2009 Bonds will be used to refund the Refunded Bonds. Upon issuance of the Series 2009 Bonds, such moneys are expected to provide moneys sufficient to pay the principal and the redemption price of the Refunded Bonds and the interest on such Refunded Bonds to the date fixed for redemption. Such moneys will be deposited with the trustee for the Refunded Bonds (the "Prior Trustee") upon issuance and delivery of the Series 2009 Bonds and will be held in trust solely for the payment of the redemption price of and interest on the Refunded Bonds. At the time of such deposit, the Authority will give the Prior Trustee irrevocable instructions to give notice of the redemption of the Refunded Bonds and to apply those moneys to the payment of the redemption price and interest on the Refunded Bonds. The Refunded Bonds will be redeemed at a redemption price of 101% on a date not more than 90 days after the issuance of the Series 2009 Bonds.

PART 5 - THE 2009 PROJECT

The 2009 Project consists of: (i) the financing of the construction, renovation, and equipping of new buildings located at the University's campuses in the Bronx and Manhattan, in New York City; (ii) financing of the acquisition, construction, renovation, improvement, repair and equipping of the exterior and/or interior, or the potential demolition of existing facilities, located at the University's campuses in the Bronx and Manhattan, in New York City; and (iii) refinancing of a portion of the debt incurred to acquire and maintain certain facilities located at the University's campuses in Manhattan, in New York City.

PART 6 - ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds

| | |
|---|----------------------|
| Principal Amount of Series 2009 Bonds | \$140,820,000 |
| Net Original Issue Discount/Premium | <u>1,386,373</u> |
| Total Sources | <u>\$142,206,373</u> |

Uses of Funds

| | |
|--------------------------------------|-----------------------|
| Deposit to Construction Fund | \$122,692,332 |
| Deposit to Refunding Escrow | 16,773,696 |
| Costs of Issuance ¹ | 1,950,245 |
| Underwriters' Discount | <u>790,100</u> |
| Total Uses | <u>\$ 142,206,373</u> |

¹ Includes legal fees, State bond issuance charge and associated costs relating to the Series 2009 Bonds.

PART 7 - THE UNIVERSITY

GENERAL INFORMATION

History and General Description

Yeshiva University (the "University") originated in 1886 within the Rabbi Isaac Elchanan Theological Seminary ("RIETS"), with which it is still affiliated, and was chartered as a separate university on November 16, 1945. The University brings together the heritage of Western civilization and the ancient traditions of Jewish law and life. Nearly 6,500 undergraduate and graduate students study at the University's four New York City campuses: the Wilf Campus (consisting of several buildings in the Washington Heights section of New York City), the Israel Henry Beren Campus (consisting of several buildings in the Murray Hill section of New York City), the Brookdale Center (consisting of a building and a nearby housing facility in the Greenwich Village section of New York City), which comprise the Manhattan Campuses and the Jack and Pearl Resnick Campus located in the Bronx. The University also conducts the S. Daniel Abraham Israel Program in Israel. The University's three undergraduate schools — Yeshiva College, Stern College for Women, and Sy Syms School of Business offer a dual program comprised of liberal arts courses and Jewish studies which are offered by the Isaac Breuer College, the Yeshiva Program/Mazer School of Talmudic Studies, the James Striar School and the Irving I. Stone Program. Its graduate and professional schools include Albert Einstein College of Medicine ("Einstein"), Benjamin N. Cardozo School of Law ("Cardozo"), Wurzweiler School of Social Work, Ferkauf Graduate School of Psychology, Azrieli Graduate School of Jewish Education and Administration, and Bernard Revel Graduate School of Jewish Studies.

School, Programs, Year of Founding and Campus Location

Isaac Breuer College of Hebraic Studies (1917) – Wilf Campus
Yeshiva Program/Mazer School of Talmudic Studies (1917) – Wilf Campus
Yeshiva College (1928) – Wilf Campus
Bernard Revel Graduate School of Jewish Studies (1935) – Wilf Campus
Azrieli Graduate School of Jewish Education and Administration (1945) - Wilf Campus
Stern College for Women (1954) – Beren Campus
Albert Einstein College of Medicine (1955) – Resnick Campus
James Striar School of General Jewish Studies (1956) – Wilf Campus
Ferkau Graduate School of Psychology (1957) – Resnick Campus
Sue Golding Graduate Division of Medical Sciences (1957) – Resnick Campus
Wurzweiler School of Social Work (1957) – Wilf and Beren Campuses
Benjamin N. Cardozo School of Law (1976) – Brookdale Center
Sy Syms School of Business (1987) – Wilf and Beren Campuses
Irving I. Stone Beit Midrash Program (1995) – Wilf Campus
S. Daniel Abraham Israel Program (1999)

Academic Programs

The University's academic programs offer students the opportunity to pursue studies in the arts, sciences, humanities, business and management, medicine, law, social work, psychology, Judaic studies and Jewish education and administration. On the undergraduate level, Yeshiva College (the University's College of Arts and Sciences for Men) and Stern College for Women (the University's College of Arts and Sciences for Women), award the B.A. degree, while the University's Sy Syms School of Business awards the B.S. and M.S. degrees to students. The graduate schools, which include the Wurzweiler School of Social Work, the Ferkau School of Psychology, the Bernard Revel Graduate School of Jewish Studies, and the Azrieli School of Jewish Education and Administration, offer degrees at the Master's and Doctoral levels. Professional degrees are awarded in the field of law at Cardozo and in the field of medicine at Einstein. The Sue Golding Graduate Division of Medical Sciences provides advanced study and research training leading to the Ph.D. degree.

The University is accredited by the Middle States Association of Colleges and Schools, Einstein is accredited by the Council on Medical Education of the American Medical Association and Cardozo is accredited by the American Bar Association. The other programs are accredited by appropriate state and professional accrediting agencies and associations.

The University also conducts combined and/or joint degree programs with, among others, Columbia University (Engineering and Occupational Therapy); New York University (Nursing, Occupational Therapy and Dental Medicine); and State University of New York (Optometry and Engineering).

Related Entities

There are several entities (the "Related Entities") that are controlled by the University and for which the University provides various administrative services. The financial results of the Related Entities are consolidated within the financial results of the University for financial statement reporting purposes.

The Albert Einstein College of Medicine Staff Housing Co., Inc. is a 635-unit, limited profit housing project under the supervision of the Housing Development Corporation of the City of New York through the Mitchell-Lama Housing Program. The Housing Company provides housing primarily for students of Einstein.

The Yeshiva Endowment Foundation, Inc. was formed in 1927 as a separate corporation organized for the benefit of the University and RIETS. Control of the Foundation is vested in a Board of Trustees, all of whom are officers of the University.

The University owns several entities that provide, among other things, housing for University-affiliated individuals and others.

Affiliated Organizations

RIETS and the Yeshiva University High Schools (the “High Schools”, and collectively with RIETS, the “Affiliates”) are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York. The University provides various administrative services to each Affiliate. Control of each Affiliate is vested in their respective boards of trustees, a minority of whose members also serve on the University’s Board of Trustees. The financial results of these Affiliates are not included in the University’s consolidated financial statements.

Affiliation Agreements

Einstein has long-standing affiliation agreements with New York City Health and Hospitals Corporation (“HHC”) and with several hospitals including Jacobi Medical Center (“Jacobi”), North Shore-Long Island Jewish Health Systems, Beth Israel Medical Center, Bronx Lebanon Hospital, and Montefiore Medical Center (“Montefiore”). Under the terms of these agreements, the affiliated institutions provide a clinical training site for Einstein’s students. In addition, Einstein has agreed to provide certain professional and related supporting services in exchange for payment of certain direct contract and overhead costs incurred by Einstein in connection with graduate educational programs conducted at the medical centers. Additional information is included in the University’s consolidated financial statements attached.

University Libraries

The University’s four-campus library system offers a broad range of collections and services, both traditional and current. The libraries hold in excess of 1.2 million physical volumes and provide access to more than 188,000 electronic books. Approximately 60,000 journals, in paper and/or electronic formats, are available for consultation. The internationally recognized Jewish Studies collections include materials on Rabbinics, Bible, Jewish history, Jewish philosophy, Sephardic publications, and include rare books, manuscripts, and archival documents. The libraries offer general undergraduate collections and extensive collections in psychology and social work. Research collections in medicine and law are provided at Einstein and Cardozo, respectively. The library system is a selective depository for United States government publications.

Research Activities

The University’s research programs are broadly based, including disciplines of the physical sciences, life sciences, social sciences and humanities, and medical sciences.

According to the most recently published National Institute of Health (“NIH”) statistics, Einstein was awarded approximately \$132 million in federal government sponsored funding for research and development in fiscal year 2007-08; which ranks Einstein 32nd among the nation’s 125 medical schools in federally funded research and development.

Governance

In accordance with the Charter of the University, the governing body of the University is its self-perpetuating Board of Trustees, presently consisting of 41 members, with a maximum of 50, which is responsible for the direction of the affairs of the University, including academic policies, University development and financial matters. The Board of Trustees’ Governance Committee acts as the Nominating Committee for Trustees who may be elected for terms of one, two, three or four years. Trustees are eligible for re-election without limitation. During the intervals between meetings of the Board of Trustees, the Executive Committee may meet and exercise the powers of the Board of Trustees granted to it by the By-Laws.

In accordance with its By-Laws, the Board elects the President of the University, currently Richard M. Joel. The President is the Chief Corporate and Executive Officer of the University and is, ex-officio, a voting member of the Board of Trustees.

UNIVERSITY BOARD OF TRUSTEES

| <u>Name</u> | <u>Year Term Expires</u> | <u>Occupation</u> |
|--------------------------|--------------------------|--|
| Chairman: | | |
| Morry J. Weiss* | September 2009 | Chairman and CEO American Greetings Corp. |
| Chairmen Emeriti: | | |
| Ronald P. Stanton * | No expiration | Chairman Transammonia Corp. |
| Robert M. Beren* | No expiration | Owner and CEO Natural Gas Exploration and Production Companies |
| David S. Gottesman* | No expiration | Managing Partner First Manhattan Company |
| Vice Chairmen: | | |
| Dr. Ira Kukin * | 2012 | Chairman of the Board Apollo Technologies International |
| Sy Syms * | 2010 | Chairman of the Board Syms Corp. |
| Ludwig Bravmann | 2011 | Managing Director Oppenheimer & Co. |
| Mordecai D. Katz* | September 2009 | Investor |
| Treasurer: | | |
| Alan E. Goldberg * | 2011 | Co-Managing Partner Lindsay Goldberg |
| Trustees Emeriti: | | |
| Joseph Wilf | 2012 | Partner Garden Homes Management |
| David Eshagian | 2012 | President Somerset Management Ltd. |
| Trustees: | | |
| David J. Azrieli | 2012 | President Canpro Investments Co., Ltd. |
| Dr. Jayne G. Beker | 2011 | Psychologist |
| Jack A. Belz | 2012 | President and CEO Belz Enterprises |
| Julius Berman * | ex officio** | Special Counsel Kaye, Scholer, LLP |
| Marvin S. Bienenfeld | 2012 | Retired |
| Majorie Diener Blenden | 2011 | Real Estate |
| Sender Z. Cohen | September 2009 | Managing Director Soros Fund |
| Israel A. Englander | 2010 | CEO Millennium Partners |
| Jeffrey J. Feil | 2012 | CEO The Feil Organization |
| Philip Friedman | 2013 | CEO and President Computer Generated Solutions |
| Dr. Felix L. Glaubach | 2012 | President |

| | | |
|-------------------------|----------------|---|
| Ruth L. Gottesman* | Ex officio** | Personal Touch Homecare Corp. Psychologist |
| Fanya Gotterfeld Heller | September 2009 | Author |
| Lance L. Hirt | September 2009 | Partner Lindsay Goldberg |
| Michael Jesselson* | 2012 | Executive Officer Jesselson Investments |
| Richard M. Joel* | | President Yeshiva University |
| Marcos D. Katz | 2012 | Entrepreneur |
| Dr. Henry Kressel* | September 2009 | Managing Director Warburg Pincus, LLC |
| Dr. Norman Lamm * | September 2009 | Chancellor Yeshiva University |
| Matthew J. Maryles | 2012 | Wolf Maryles Assoc. LLC |
| Ira Mitzner | 2010 | President RIDA Development Corp. |
| Joshua L. Muss* | September 2009 | President Muss Development |
| Jack M. Nagel | 2010 | Owner Decron Properties Corp. |
| Leslie Payson | Ex officio** | Director Institutional Client Group at Citigroup |
| Vivian Glueck Rosenberg | September 2009 | Vice President Eastcoast Flavors, Inc. |
| David I. Schachne | 2012 | Founding Partner Fairfield Properties |
| Jay Schottenstein | 2011 | Chairman of the Board Schottenstein Stores Corp. |
| Irwin Shapiro | 2012 | Retired |
| Moshael J. Straus* | September 2009 | Manager Ascent Capital Group Intl., LLC |
| Josh S. Weston | September 2009 | Chairman Emeritus Automated Data Processing |
| Zygmunt Wilf | 2010 | President Garden Homes, Inc. |

* Executive Committee Member

** Chairs of Einstein, Cardozo and RIETS

Administration

The President of the University, as Chief Executive Officer, is responsible for the administration, operation and the educational policies of the University. Executive and administrative officers of the University include:

| Name | Position |
|------------------|--|
| Richard M. Joel | President |
| Norman Lamm | Chancellor |
| Morton Lowengrub | Provost and Senior Vice President for Academic Affairs |
| Allen M. Spiegel | Vice President for Medical Affairs |
| J. Michael Gower | Vice President for Business Affairs and CFO |
| Andrew J. Lauer | Vice President for Legal Affairs, Secretary and General Counsel |

Richard M. Joel was inaugurated as the University's fourth president on September 21, 2003. President Joel received his BA and JD from New York University, where he was a Root-Tilden law scholar, and has received honorary doctorates from Boston Hebrew College and Gratz College. He was an assistant district attorney in New York, and Deputy Chief of Appeals in Bronx, NY. His career continued as associate dean and professor of law at Cardozo and President and International Director of Hillel: The Foundation for Jewish Campus Life. President Joel received the Julius Bisno Award for Excellence Professional B'nai B'rith in 1992 and was the Millender Fellow at Brandeis University's Hornstein Program in 1996. He also served as chair for the campus task force of Birthright Israel. President Joel is an at-large member of the Commission on Independent Colleges and Universities "CICU" and recently served on CICU's Board of Trustees.

Norman Lamm became Chancellor in May 2003 after serving as President of the University from 1976-2003. He has also been the occupant of the Erna and Jakob Michael Chair in Jewish Philosophy, a University professorship, since 1966. He was first appointed to the faculty in 1959. He is a three-time alumnus of the Institution, earning his Bachelor of Arts degree from Yeshiva College in 1949; rabbinic ordination from the affiliated Rabbi Isaac Elchanan Theological Seminary in 1951; and Ph.D. in Jewish Philosophy from Bernard Revel Graduate School of Jewish Studies in 1966. As a community leader, he serves on the Boards of the United Jewish Appeal-Federation of Jewish Philanthropies of New York and the American Zionist Youth Foundation. Dr. Lamm also serves on several corporate boards, including that of Schottenstein Stores Corp. in Ohio. In 1988, he was appointed by Governor Mario Cuomo of New York State to the five-member State Ethics Commission. In 1978, President Jimmy Carter appointed him to the President's Commission on the Holocaust. A prolific author and scholar, his writings on Jewish law and jurisprudence have been quoted in landmark decisions of the U. S. Supreme Court, including the 1966 "Miranda" decision regarding police interrogation of detained persons.

Morton Lowengrub was named Vice President for Academic Affairs at the University in the Fall of 1999 and in 2007 was named Provost and Senior Vice President for Academic Affairs. Dr. Lowengrub received his B.A. from New York University, M.S. from California Institute of Technology, and Ph.D. in Mathematics from Duke University. He has taught at Duke University, Wesleyan University and, from 1967 until 1999, at Indiana University. While at Indiana, he served as the Chair of the Mathematics Department from 1977 – 1980, Dean for Research and Graduate Studies from 1982 – 1988 and Dean of the College of Arts and Sciences from 1988 until 1999. Dr. Lowengrub has been the recipient of numerous honors and awards including Senior Fellowships from the National Science Foundation, the Leverhulme Foundation of Great Britain and the Science Research Council of Great Britain. His research in applied mathematics was supported continuously through grants by the National Science Foundation from 1967 until his appointment at Yeshiva. He has published dozens of articles in various areas of applied mathematics as well as having authored or co-authored five books. Dr. Lowengrub continues to teach mathematics at the University, where he is also Professor of Mathematics. Recently, an asteroid was named in his honor by the International Astronomical Union for his contributions to furthering astronomical research through the construction of a four-meter telescope.

Allen M. Spiegel, M.D., an internationally recognized researcher and endocrinologist, assumed office as Dean of the Albert Einstein College of Medicine and Vice President for Medical Affairs of the University on June 1, 2006. Prior to joining Einstein, Dr. Spiegel was Director of the National Institute of Diabetes & Digestive Diseases & Kidney Diseases (NIDDK) at the National Institutes of Health, the culmination of a distinguished 33-year-career at the NIH. A member of the Institute of Medicine of the National Academy of Sciences, Dr. Spiegel earned his bachelor's degree *summa cum laude* and Phi Beta Kappa from Columbia University in 1967. He received his M.D. degree *cum laude* from Harvard Medical School in 1971 and completed his clinical training at Massachusetts General Hospital. Dr. Spiegel began his career at the NIH in 1973 as a Clinical Associate in its Endocrinology Training program. He then served as a Senior Investigator in the Metabolic Disease Branch from 1977 to 1984. In 1985 he was appointed Chief of Molecular Pathophysiology, and then Chief of the Metabolic Diseases Branch. In 1990 he was appointed Director of the NIDDK's Division of Intramural Research. He served in these various capacities until his appointment as Director of the NIDDK in 1999. His research has centered on G-protein-regulated signaling dysfunction in human disease, and his work on signal transduction helped to clarify the genetic basis of several endocrine diseases. He has published extensively, with more than 250 peer-reviewed papers and 100 reviews and book chapters to his name, as well as two books on G proteins.

J. Michael Gower is Vice President for Business Affairs and Chief Financial Officer at the University. He assumed this position on July 1, 2008. Prior to joining the University Mr. Gower was Vice President for Finance and Administration and University Treasurer at the University of Vermont. Previously, he was a higher education management consultant for PricewaterhouseCoopers; he spent ten years at Duke University Medical Center where he

held various positions including Assistant VP for Finance, Associate Chief Financial Officer (CFO of the School of Medicine), and Director of Financial Planning and Systems. Mr. Gower had earlier accounting roles at Cornell University and Duke University. He is the chair of the Research Universities Council for the National Association of College and University Business Officers, the constituent group for business leaders at research universities; and was the recipient of NACUBO's 2008 Professional Development award for his contributions to the profession and to higher education management. Mr. Gower has an AB and MBA from Duke University.

Andrew J. Lauer, Vice President for Legal Affairs, Secretary and General Counsel of the University since March 2008, is the University's Chief Legal Officer. Mr. Lauer also serves as counsel to the President of the University. Prior to his appointment at the University Mr. Lauer was a partner at the international law firm of Thelen Reid Brown Raysman and Steiner LLP where he maintained a large and diverse practice while also serving as an active member of Thelen's Labor and Employment Law Department. Mr. Lauer received his Bachelor's degree from City University of New York, Queens College in 1988, his Juris Doctor (J.D.) from Brooklyn Law School in 1991 and his Master of Laws (LLM) from New York University School of Law in 2002. He is admitted to the Bar in the states of New York and New Jersey as well as various Federal Courts including the United States Supreme Court. His professional affiliations include the National Association of College and University Attorneys, Association of Corporate Counsel, American Bar Association and the New York State Bar Association.

OPERATING INFORMATION

Students

University undergraduate and graduate enrollment has increased modestly over the past five years. The University has increased its financial aid budget for the 2009-2010 academic year, and established an enrollment task force to examine goals and various approaches to increase future enrollments. The University plans to increase undergraduate enrollment gradually over the long-term.

The following table sets forth information regarding undergraduate freshman applications, acceptances and matriculations for fall 2004-2008. As of June 19, 2009, the University had received approximately 1727 applications for fall 2009 and had accepted approximately 68% of such applications. At the same period last year the University had received 1770 applications for the fall 2008 semester. The academic quality of undergraduate students, as measured by mean SAT scores, has also remained relatively stable at approximately 1200 – 1220. The student body includes students from 47 states and 47 foreign countries.

Freshman Admissions for the Fall Semester

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Applications | 1,759 | 1,875 | 1,805 | 2,169 | 2,108 |
| Acceptances | 1,465 | 1,467 | 1,418 | 1,506 | 1,402 |
| Percent Accepted | 83.3% | 78.2% | 78.6% | 69.4% | 66.5% |
| Matriculants | 924 | 1,005 | 970 | 974 | 934 |
| Percent Matriculants | 63.1% | 68.5% | 68.4% | 64.7% | 66.6% |

The following table shows University fall semester enrollment for the past five academic years. Cardozo enrolls approximately 1200 students and Einstein enrolls approximately 1070 students in an academic year. The headcount includes both full-time and part-time students. Most undergraduates and professional school students attend on a full-time basis while the other graduate programs have significant numbers of part-time students.

Enrollment for the Fall Semester

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Undergraduate Headcount | 2,802 | 2,927 | 2,988 | 3,044 | 3,086 |
| Graduate Headcount | <u>3,322</u> | <u>3,440</u> | <u>3,389</u> | <u>3,496</u> | <u>3,357</u> |
| Total | 6,124 | 6,367 | 6,377 | 6,540 | 6,443 |

Tuition and Fees

The table below indicates tuition rates for full-time undergraduate students for the past five academic years:

| <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> |
|----------------|----------------|----------------|----------------|----------------|
| \$23,200 | \$25,600 | \$28,200 | \$30,060 | \$31,594 |

For the 2008-09 academic year, the total tuition and fees (which includes tuition, room and board, and mandatory fees) for full-time undergraduate students was \$41,974. Housing and food services are classified as auxiliary enterprises in the University's consolidated financial statements. Dormitory and board charges are determined so that substantially all auxiliary enterprise costs, including related debt service, are expected to be recovered from related fees or charges. The tuition rate for academic year 2009-10 will remain at its current level while dormitory and board charges are expected to increase approximately 5.1%.

Graduate and professional school tuition ranges from approximately \$22,080 to \$42,364, and has increased approximately 5% each year over the last five years. The tuition rate increase for academic year 2009-10 will average approximately 3%.

Financial Aid

The University's admissions policies are designed to enable the most qualified students to attend the University. Decisions regarding admission to the University are made without regard to financial need.

Financial aid for undergraduate, graduate and professional school students is offered in the form of grants, loans and employment. Approximately 70% of the undergraduate students receive scholarships and fellowships to cover all or a part of their cost of education based primarily on need. During the current academic year the University added approximately \$1.5 million to the financial aid budget for students whose families suffered sudden financial difficulties due to the current recession. The University intends to add approximately \$3 million to the budget for the 2009-10 academic year for financial aid over the final amount budgeted for the 2008-09 academic year.

For the years listed below the components of financial aid were as follows:

University Financial Aid Scholarships and Fellowships Fiscal Years Ended June 30, (In Thousands)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Scholarships and Fellowships | \$48,113 | \$57,124 | \$58,824 | \$62,834 | \$72,963 |

Students and their families also received approximately \$2 million of additional assistance from federal and state grant programs, approximately \$334,000 of assistance through the work study program, and have also borrowed approximately \$50 million under various federal loan programs in academic year 2008-09.

Faculty

The University faculty includes leading scholars and scientists in an array of disciplines. At Einstein, seven major biomedical fields - AIDS, cancer, brain disease, diabetes, liver disease, sickle cell disease and human genome research - have received "Center of Excellence" designations from the National Institutes of Health. At Cardozo, nationally renowned programs include the Holocaust Claims Restitution Clinic and the Innocence Project, which has used DNA evidence to exonerate over 230 wrongly convicted individuals across the country. Faculty expertise throughout the University covers disciplines ranging from ethics, theology, history, literature, philosophy, education, mathematics, physics, biology, psychology and others.

The faculty includes six Fellows of the National Academy of Sciences and two Fellows of the National Academy of Engineering. Others have been recipients of numerous prestigious fellowships and scholarships such as Guggenheim, Oxford University, National Humanities Center, Harvard University, Woodrow Wilson, Andrew Mellon and American Academy of Jewish Research Fellowships, as well as Beck, Fulbright, Kent and Harlan Fiske Stone Scholarships.

The faculty, of which 93% hold doctorates, is supplemented each year by visiting scholars and lecturers from across the globe. Several Nobel Laureates in various fields of science and economics and two of the most internationally prominent Holocaust historians have taught and lectured at the University during the past few years. Approximately 70% of the faculty on the University's payroll are full-time and approximately 27% of said full-time faculty is tenured with an additional 47% on tenure track. Most of the undergraduate and Cardozo faculty are full-time, while most faculty members at Einstein are also practicing physicians. Over the last four years the University has created and filled 79 full-time faculty positions in the undergraduate programs, most of whom are not yet tenured professors.

FINANCIAL STATEMENT INFORMATION

University Finances

The following information is derived from the University's consolidated financial statements for the years ended June 30, 2004, 2005, 2006, 2007 and 2008. It should be read in conjunction with the University's consolidated financial statements as of and for the years ended June 30, 2008 and 2007 included in Appendix B of this Official Statement.

Summary of Consolidated Statements of Activities Fiscal Years Ended June 30, (In Thousands)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|
| Operating Revenue: | | | | | |
| Tuition and Fees, net | \$99,831 | \$104,913 | \$112,004 | \$118,705 | \$120,137 |
| Investment Return Utilized | 53,630 | 58,373 | 66,941 | 67,538 | 65,078 |
| Private Gifts and Bequests | 18,867 | 12,169 | 20,761 | 17,664 | 26,728 |
| Grants and Contracts | 233,663 | 249,466 | 244,788 | 243,452 | 256,382 |
| Services under Affiliation Agreements | 9,765 | 11,509 | 11,122 | 11,679 | 12,585 |
| Sales and Services of Auxiliary Enterprises | 22,509 | 24,532 | 25,781 | 27,589 | 29,299 |
| Other Sources | 7,843 | 11,199 | 10,116 | 14,270 | 16,265 |
| Net Assets Released From Restriction | <u>17,824</u> | <u>30,824</u> | <u>24,776</u> | <u>39,010</u> | <u>31,605</u> |
| Total Operating Revenue | <u>\$463,932</u> | <u>\$502,985</u> | <u>\$516,289</u> | <u>\$539,907</u> | <u>\$558,079</u> |
| Instruction, Clinical and Dept. Research | \$129,484 | \$144,183 | \$153,342 | \$169,663 | \$195,069 |
| Sponsored Research and Training | 189,724 | 201,065 | 208,126 | 201,792 | 214,531 |
| Academic Support | 27,608 | 30,885 | 33,887 | 39,117 | 45,263 |
| Student Services | 19,708 | 22,521 | 24,144 | 27,279 | 31,364 |
| Institutional Support | 37,109 | 47,909 | 44,957 | 49,831 | 73,981 |
| Development | 9,550 | 11,480 | 13,336 | 15,041 | 20,003 |
| Auxiliary Enterprises | <u>24,420</u> | <u>24,159</u> | <u>25,632</u> | <u>26,189</u> | <u>29,499</u> |
| Total Operating Expenses | <u>\$437,603</u> | <u>\$482,202</u> | <u>\$503,454</u> | <u>\$528,912</u> | <u>\$609,710</u> |
| Increase (Decrease) From Operating Activities | <u>\$26,329</u> | <u>\$20,783</u> | <u>\$12,835</u> | <u>\$10,995</u> | <u>(\$51,631)</u> |
| Non-Operating Activities: | | | | | |
| Private Gifts & Bequests | \$38,438 | \$27,064 | \$29,291 | \$99,459 | \$110,630 |
| Net Assets Released From Restriction | (17,824) | (30,824) | (24,776) | (39,010) | (31,605) |
| Change in Value of Split Interest Agreements | 1,017 | (205) | 783 | 3,244 | (113) |
| Investment Return (Loss) Reinvested | 71,918 | 87,605 | 126,732 | 218,413 | (155,211) |
| Other, Net | <u>(3,696)</u> | <u>(3,084)</u> | <u>(41,574)</u> | <u>(1,701)</u> | <u>(8,296)</u> |
| Change In Net Assets | <u>\$116,182</u> | <u>\$101,339</u> | <u>\$103,291</u> | <u>\$291,400</u> | <u>(\$136,226)</u> |

The above amounts include unrestricted, temporarily restricted and permanently restricted revenues. Temporarily restricted revenues are subject to donor-imposed restrictions that will be met either by actions of the University and/or the passage of time. Permanently restricted revenues are subject to donor-imposed restrictions that they be maintained permanently by the University. The consolidated financial statements also include the revenues and expenses of the Related Entities. Over the past five fiscal years the revenues and expenses of the Related Entities represented approximately 1.90% and 1.80% of total consolidated revenues and of total consolidated expenses, respectively. Their assets comprised 2.50% of total consolidated assets and their liabilities comprised approximately 14% of total consolidated liabilities. Although the Related Entities are consolidated within the University's financial statements, the Related Entities are not liable for any of the University's debt obligations. Similarly, the University is not liable for the debts and other obligations of the Affiliates and Related Entities; however, given the relationship

between the University and the Affiliates and the Related Entities, the University might be adversely affected if it did not take action to cure a payment or other default by the Affiliates or Related Entities under their obligations.

The decrease in net assets is due to both a decline in net operating performance and a loss from non-operating activities. The decline in the net operating performance in fiscal year 2008 was a result of a number of items including: expenses related to the opening of a new research and academic building (the Price Center), bridge funding provided for faculty grants to replace reductions in grant funding from the NIH and other sources, the adoption of a change in the methodology used to calculate uncollectible pledges, and increases in information technology, instructional and academic support expenses. The loss from non-operating activities is attributable to investment losses due to market forces and other factors described under "University Investments."

In fiscal year 2009, the University commenced a "reframing" of its operating and capital budgets, instituting expense reductions in fiscal year 2009 which will carry forward to fiscal year 2010. Those cost-cutting measures include \$27.4 million in reductions in operating expenses at the Manhattan campuses (reflecting a reduction in staff of approximately 12% of non-faculty workforce and a 23% reduction in non-personnel expenditures) and an \$18 million reduction in capital expenditures (other than for information technology). However, certain cost-cutting measures (such as early retirement incentive packages) which are expected to reduce expenses in fiscal year 2010 and later years resulted in increased expenses in fiscal year 2009. In addition, as noted above, the University increased its budget for financial aid in fiscal year 2009. Revenues from most sources have remained fairly stable in fiscal year 2009 as compared to fiscal year 2008. As a result, while its audited financial statements for fiscal year 2009 are not yet available, the University expects that it will experience an operating deficit in fiscal year 2009. Furthermore, continued market deterioration is expected to result in a loss from non-operating activities in fiscal year 2009. The cost-cutting measures instituted in fiscal year 2009 will continue in place in fiscal year 2010 and the University will only make limited salary increases. However, as noted above, financial aid is budgeted to increase by at least \$3 million, although most (if not all) of the cost of additional financial aid is anticipated to be covered by dedicated gifts. Revenues are expected to be negatively impacted by not increasing tuition in the undergraduate schools and by projected declines in fund raising activity. As a result, the University has budgeted for an operating deficit of approximately \$9 to \$10 million in fiscal year 2010 (on an operating budget basis). The University continually reviews operating revenues and expenses given the uncertain economic conditions.

University Investments

The University's long-term investments are invested in its Consolidated Investment Pool. The long-term investments of the Affiliates and Related Entities are also invested as part of the Consolidated Investment Pool. As of May 31, 2009, the University investments comprise approximately 86.8% of the Consolidated Investment Pool. The University utilizes a spending rate in allocating income earned on the Consolidated Investment Pool. In accordance with the spending rate policy, 5.5% of the fair value per unit, based on a 12-quarter rolling average at December 31 of the previous fiscal year, is available for expending for the fiscal year commencing July 1. If interest and dividends earned during the year are not sufficient to support the authorized spending level, the balance is provided from appreciation. If investment return is in excess of the authorized spending level, the balance is reinvested.

Long-term investments are managed by external investment managers while short-term investments, including those in the Consolidated Investment Pool, are managed by the University. Management of the University's investments is supervised by the Investment Committee of the Board of Trustees. The Investment Committee directs and monitors financial assets available for investment. Its responsibilities include, but are not limited to, the selection and oversight of investment managers engaged by the University and the implementation of relevant financial policies adopted from time to time by the Board. The Investment Committee periodically reports to the Board on its activities and the investment performance of University assets. As a result of the events described in the succeeding paragraph, the University engaged a law firm to assist University management in reviewing and addressing the policies and procedures relating to corporate governance and oversight. As a result of such review, the University enhanced its conflict of interest policy. Under the enhanced conflict of interest policy, members of the University Board of Trustees may not be engaged in business with the University. In the case of a rare exception, a conflict waiver committee has been established to review and approve such exceptions if in the University's best interests. All members of the University Board of Trustees and all other members of the Investment Committee are absolutely prohibited from managing money from the University's Consolidated Investment Pool – there will be no exceptions to this policy. The University is putting into effect enhanced conflict disclosure requirements and improved systems (including a University-wide conflicts database) for monitoring ongoing compliance. In addition, a search is now in process for a Chief Investment Officer.

On December 11, 2008, Bernard Madoff, a former University Trustee and Treasurer, was charged with criminal securities fraud by the U.S. Attorney for the Southern District of New York, and the U.S. Securities and Exchange Commission (the "SEC") charged Bernard Madoff and his investment firm, Bernard L. Madoff Investment Securities LLC ("Madoff"), with securities fraud, and violations of federal securities laws. He has pleaded guilty and was sentenced on June 29, 2009. In addition, a federal judge in New York has frozen Madoff's assets, and has appointed a trustee (the "SIPA Trustee") for the liquidation of Madoff's assets pursuant to the Securities Investor Protection Act. Furthermore, although an SEC consent order against Bernard Madoff was entered into on February 9, 2009, it is not possible to determine the recoverability of any funds. Bernard Madoff resigned from all University positions. On December 12, 2008, the University received a communication from the chairman of its Investment Committee, J. Ezra Merkin, a general partner of Ascot Partners L.P. ("Ascot"), an investment partnership in which the University is a limited partner. That communication indicated that substantially all of the Ascot assets had been invested with Madoff. In addition, the communication indicated uncertainty about the recoverability, if any, of the Ascot assets invested with Madoff. Mr. Merkin resigned from the University's Board of Trustees and Investment Committee.

The University has written off its Madoff-related investments totaling \$95,290,000 as of June 30, 2008 and such write-off is reflected in the value of investments as of June 30, 2008. In accordance with accounting rules, investment values as of the end of each fiscal year ended prior to June 30, 2008 were not adjusted. Additional information is included in the footnotes of the University's consolidated financial statements.

A summary of the fair value of the investments of the University and its consolidated Related Entities is shown below.

| Fair Value of Investments | | | | | | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <u>(In Thousands)</u> | | | | | | |
| | As of June 30, | | | | | As of May 31, |
| Investment | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Mutual funds | \$41,871 | \$85,182 | \$79,581 | \$80,237 | \$71,668 | \$ 2,622 |
| US Government obligations | 423,735 | 195,835 | 113,098 | 41,048 | 33,928 | 212,977 |
| State of Israel Bonds | 14,412 | 19,244 | 18,994 | 17,660 | 17,713 | 15,241 |
| Corporate bonds | 25,730 | 44,595 | 22,997 | 22,657 | 14,139 | 10,251 |
| Corporate stocks | 108,534 | 166,557 | 208,990 | 275,547 | 168,500 | 106,480 |
| Alternative Investments | 891,272 | 1,118,801 | 1,264,863 | 1,467,198 | 1,301,526 | 791,972 |
| Other | <u>6,330</u> | <u>8,726</u> | <u>9,173</u> | <u>8,576</u> | <u>10,631</u> | <u>9,160</u> |
| Total | <u>\$1,511,884</u> | <u>\$1,638,940</u> | <u>\$1,717,696</u> | <u>\$1,912,923</u> | <u>\$1,618,105</u> | <u>\$1,148,703</u> |
| Less: unconsolidated affiliates (RIETS and High Schools) interests in the investment portfolio | <u>(139,842)</u> | <u>(149,661)</u> | <u>(164,717)</u> | <u>(189,250)</u> | <u>(172,395)</u> | <u>(131,442)</u> |
| Net Total | <u>\$1,372,042</u> | <u>\$1,489,279</u> | <u>\$1,552,979</u> | <u>\$1,723,673</u> | <u>\$1,445,710</u> | <u>\$1,017,261</u> |

As set forth above, as of May 31, 2009, the unaudited fair value (determined as discussed below) of investments of the University and its Affiliates and consolidated Related Entities was \$1,148,703,000 (85.8% of which was University funds) and the unaudited fair value of the Consolidated Investment Pool was \$1,081,653,000 (86.8% of which was University Funds). Between June 30, 2008 and May 31, 2009 the percentage (determined as described below) of the Consolidated Investment Pool invested in short-term obligations increased, while the allocation of investments to equities and alternative investment vehicles decreased accordingly. Approximately 19.1% of the fair value of the investments in the Consolidated Investment Pool was held in U.S. Government obligations or other short-term obligations, as of May 31, 2009. Investments in alternative investment vehicles that primarily hold illiquid securities (for example, private equity and private real estate) represented approximately 11.8%

of the fair market value of investments in the Consolidated Investment Pool as of May 31, 2009. In addition, investments in alternative investment vehicles that primarily hold liquid securities, but may also hold illiquid securities (for example, hedge funds), represented approximately 54.4% of the fair value of the investments in the Consolidated Investment Pool as of May 31, 2009.

Alternative investments are less liquid than other investments. The following unaudited table summarizes these alternative investments, by investment strategy at May 31, 2009.

| <u>Alternative investment strategy</u> | <u># of funds</u> | <u>Fair Value (Unaudited) (Dollars in Thousands)</u> |
|--|-------------------|--|
| Multistrategy, fund of funds and absolute return | 34 | \$290,349 |
| Event-driven and distressed securities | 17 | 120,560 |
| Relative value | 3 | 107,616 |
| Real estate | 4 | 29,966 |
| Long/short equity | 10 | 190,987 |
| Fixed income arbitrage and aggressive fixed income | <u>3</u> | <u>52,494</u> |
| Total | <u>71</u> | <u>\$791,972</u> |

The alternative investment portfolio includes limited partnerships, limited liability corporations, and off-shore investment funds. The underlying investments include, among other financial instruments, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments involve varying degrees of off-balance sheet risk.

From July 1, 2008 to May 31, 2009, approximately \$269.0 million was received from alternative investment redemptions. Future redemptions of approximately \$30 million are expected during the balance of calendar year 2009, and the University has requested or expects to request redemptions of an additional approximately \$250 million to be paid over the next several years. However, these amounts are based on the value of the alternative investments as of May 31, 2009. The amount ultimately received by the University in respect of these redemptions will be, possibly materially, affected by individual funds' performance prior to the date of redemption. In addition, as discussed below the University's rights to withdraw from these alternative investment vehicles is subject to significant restrictions and there can be no assurance that the University's right to redeem will not be suspended or limited. It should also be noted that the University has been, and expects to continue to be, required to make additional contributions to certain alternative investment vehicles (for example, pursuant to capital calls). Additional redemptions may be made by the University in accordance with market conditions and prudent investment and redemption timing and practices.

The fair value of investments in alternative investment vehicles is based solely on the information provided by the applicable investment manager, without any verification or adjustment by the University. This information is generally provided on a quarterly basis after a lag of several weeks following the end of the subsequent quarter. There may be significant restrictions on the ability of the University to sell an investment in an alternative investment vehicle (such as a requirement that the investment manager consent to such sale) and there may be significant restrictions on the ability of an investment manager to sell illiquid securities. Even if the alternative investment vehicle is able to sell its illiquid securities (or if the University is able to sell its investment in an alternative investment, the proceeds from such sale may be materially less than the value of such securities as reflected in the Consolidated Investment Pool). In addition, the University's rights to withdraw funds from alternative investment vehicles that primarily hold liquid securities are subject to significant restrictions (for example, withdrawals may be permitted only once or twice a year or may be subject to significant limitations on the amounts that can be withdrawn on any withdrawal date) and investment managers generally may suspend the University's right to withdraw any funds (or significantly reduce the amount that the University may withdraw). Investment managers of several alternative investment vehicles have from time to time, including currently, temporarily suspended withdrawals or informed the University that they will only permit withdrawals on a limited basis. Generally, the University does not have the right to withdraw any funds from alternative investment vehicles that primarily hold illiquid assets.

Endowment and Similar Funds

A summary of the net assets of the University's Endowment and Similar Funds, which are a portion of the overall University investments, is presented below.

| | Endowment and Similar Funds | | | | |
|------------------------|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | As of June 30, | | | | |
| | <u>(In Thousands)</u> | | | | |
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Unrestricted | \$384,533 | \$454,042 | \$523,096 | \$576,623 | \$519,248 |
| Temporarily Restricted | 112,334 | 134,737 | 152,292 | 169,654 | 146,546 |
| Permanently Restricted | <u>443,895</u> | <u>444,179</u> | <u>455,948</u> | <u>542,561</u> | <u>594,201</u> |
| Total | \$940,762 | \$1,032,958 | \$1,131,336 | \$1,288,838 | \$1,259,995 |

State Aid

Since the 1969-70 academic year, the University annually has received funds allocated by the State of New York (the "State") under its Bundy Aid program to non-profit institutions of higher education based on the number of academic degrees conferred in the preceding year. Future State and federal aid depends upon the annual appropriations by the State Legislature and Congress, respectively, and the ability of the State and the federal governments to pay the amounts appropriated. The University receives under \$1 million of Bundy aid annually.

Private Gifts and Bequests

The following table indicates the private gifts and bequests received by the University for the past five fiscal years. Such amounts include cash contributions as well as pledges received, at their discounted present value. In fiscal year 2007 the University received a \$100 million pledge payable over several years.

| | Private Gifts and Bequests | | | | |
|------------------------|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Fiscal Years Ended June 30, | | | | |
| | <u>(In Thousands)</u> | | | | |
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Unrestricted | \$18,867 | \$12,169 | \$20,761 | \$17,664 | \$26,728 |
| Temporarily Restricted | 28,915 | 17,884 | 17,075 | 8,433 | 56,707 |
| Permanently Restricted | <u>9,523</u> | <u>9,180</u> | <u>12,216</u> | <u>91,026</u> | <u>53,923</u> |
| Total | \$57,305 | \$39,233 | \$50,052 | \$117,123 | \$137,358 |

Philanthropic Pledges

For the eleven and one-half month period ending June 18, 2009, cash contributions, defined as new cash gifts and cash payments on past pledges, are slightly higher than cash contributions received during the same period in the fiscal year ended June 30, 2008. New pledges and gifts for the fiscal year ended June 30, 2009 are running approximately 19% behind last year's total. Pledge receivables in the fiscal year ended June 30, 2009 have maintained a collection rate consistent with prior years. As of June 30, 2008, the discounted present value of pledges receivable totaled approximately \$202,738,000 after an allowance for estimated uncollectible amounts of \$10,686,000.

Grants and Contracts

During the fiscal year ended June 30, 2008, the University's government and non-government grants and contracts revenues amounted to \$256.4 million, which accounted for approximately 45.9% of the University's total operating revenues of \$558.1 million. Of the \$256.4 million, \$190.6 million was received as reimbursement of direct costs and \$65.8 million for indirect costs. Indirect costs on government grants and contracts represent the allocation of overhead (library, university and departmental administration, operations and maintenance of plant and building and equipment use allowance) to the projects funded by such grants.

The following table sets forth the amounts (in thousands) received or expended and accrued from government and non-government grants and contracts for each of the past five fiscal years through June 30, 2008.

Government and Non-Government Grants
Fiscal Years Ended June 30
(In Thousands)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Grants and Contracts | \$233,663 | \$249,466 | \$244,788 | \$243,452 | \$256,382 |

In the fiscal year ended June 30, 2008 government grants (federal, State and City) were approximately \$209.0 million of the \$256.4 million. The NIH grants and contracts account for approximately 90% of the University's federal government grants and contracts. The following NIH grants and contracts were awarded to the University on the federal government's fiscal year basis:

| <u>NIH Grants</u> | | | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Fellowships | \$783,882 | \$851,573 | \$946,926 | \$691,502 | \$782,481 |
| Research & Development Contracts | 4,830,480 | 4,970,306 | 1,255,062 | 4,868,872 | 0 |
| Training | 6,362,347 | 6,283,937 | 5,908,730 | 5,363,753 | 6,167,997 |
| Research Grants | 158,069,008 | 139,932,454 | 136,978,063 | 125,766,920 | 124,647,082 |
| Other | <u>395,581</u> | <u>4,305,159</u> | <u>566,138</u> | <u>632,170</u> | <u>532,116</u> |
| Total | \$170,441,298 | \$156,343,429 | \$145,654,919 | \$137,323,217 | \$132,129,676 |

The decline of NIH grant funding over the past several years can be attributed to several factors including the general reduction in the NIH budget. In addition, significant principal investigators transferred out of Einstein during this period. Einstein has instituted a number of steps designed to increase grant rewards including recruiting investigators to conduct research in the newly-opened Price Center.

Employee Relations

The University has collective bargaining agreements with three labor organizations covering nearly 1,500 of its 4,800 employees. The number of union employees and the contract expiration dates are as follows: American Physical Therapy Association (New York Chapter) ("APTA") – 3 employees (expired June 30, 2009), New York State Nurses Association – 35 employees (expires December 31, 2009), 1199 SEIU United Healthcare Workers East - 1,050 employees on the Resnick Campus (expires September 30, 2011) and 350 employees on the Manhattan Campuses (expires February 29, 2012). The University and APTA have commenced negotiating a new collective bargaining agreement and have agreed that the current collective bargaining agreement will remain in effect until a successor agreement is executed.

Pension Plans

The University has several defined contribution pension plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund pension costs currently. There are no prior service costs under the plans. Total pension expense for the years ended June 30, 2008 and 2007 was approximately \$19,397,000 and \$19,607,000, respectively.

Outstanding Long-Term Debt and Other Obligations of the University

The University currently has debt associated with three outstanding fixed rate bond issues, all issued through the Dormitory Authority of the State of New York: the Series 1998 Bonds (final maturity July 1, 2018), the Series 2001 Bonds (final maturity July 1, 2030) and the Series 2004 Bonds (final maturity July 1, 2034). The issues, insured revenue bonds, are secured, subject to prior pledges, by a portion of the University's unrestricted revenues equal to the amount of principal and interest due in any year. A portion of the Series 2009 Bonds will be used to refund the Series 1998 Bonds. In addition, other long-term debt includes a line of credit entered into for up to \$75 million in

financing to acquire certain real estate of which \$71.15 million has been drawn. Such credit line is payable on August 3, 2009 and will be paid off on or prior to such date. Also, in connection with the 2007 purchase of 12 Manhattan residential apartment buildings in close proximity to the Wilf Campus, the University assumed outstanding mortgage debt of approximately \$21 million. As described in the University's consolidated financial statements, although much of the mortgage debt has not yet been formally assumed, all the mortgage loans are current and no defaults have been declared or threatened by any mortgage holder. In addition, although the University is not liable for the debts and other obligations of the Affiliates and Related Entities, given the relationship between the University and the Affiliates and the Related Entities, the University might be adversely affected if it did not take action to cure a payment or other default by the Affiliates or Related Entities under their obligations. The University manages the receipts and disbursements for the Affiliates and Related Entities and advances funds to the Affiliates and Related Entities when it is necessary to enable them to meet their financial obligations.

In addition, Einstein has entered into various operating and capital lease agreements. During 2005, Einstein entered a 30-year noncancellable lease with HHC. The lease includes clauses that allow Einstein to renew the lease for an additional 20-year period and five more renewable periods of ten years each. Einstein is using this facility to support its research, clinical and teaching activities. On January 1, 2008, a revised memorandum of understanding, originally dated July 28, 2005, was entered into by Einstein and HHC to document their intention to enter into a long-term agreement for a 5.1 acre parcel on the grounds of Jacobi. This lease agreement, effective January 1, 2008, contains an initial term of 30 years, with a maximum of six optional renewal periods of various terms ranging from 20 to 25 years. Currently, there are no specific plans for development of this site. University management has earmarked the property for multiuse purposes. During 2005, Einstein entered into a lease with HHC for an existing facility on the Jacobi campus with an initial term of 50 years. Einstein has the right to cancel the lease after 25 years. Einstein is using this facility to support research, clinical, and teaching activities.

A detailed discussion concerning the debt and other obligations of the University is included in the footnotes of the University's consolidated financial statements.

The New York State Office of Alcoholism and Substance Abuse Services ("OASAS") is requiring that the University borrow approximately \$19.4 million from the Authority within the next 8-12 months in order to reimburse OASAS for costs paid by OASAS to construct a recently-opened substance abuse treatment facility owned by the University. The loan will be payable over 20 years and will be secured by a mortgage on the facility. Although the loan will be an obligation of the University, debt service on the loan is expected to be paid in the first instance by OASAS deducting the amount of debt service from the payments anticipated to be made by OASAS to the University for the operation of certain programs at such facility and transferring the deducted amounts to the Authority.

The University does not intend to incur any other additional long-term debt at this time (other than the Series 2009 Bonds and the debt described in the preceding paragraph). However, it plans to make capital improvements over the next several years, and will continue to evaluate whether such improvements should be funded with internal resources or with debt.

LITIGATION

There is no material pending litigation against the University at this date for which adequate insurance coverage does not exist or which would have a material adverse effect on the financial resources of the University.

PART 8 - THE AUTHORITY

Background, Purposes and Powers

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services ("BOCES"), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the Department of Audit and Control, facilities for the aged and certain judicial facilities for cities and counties. The Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

On September 1, 1995, the Authority through State legislation (the “Consolidation Act”) succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the “Agency”) and the Facilities Development Corporation (the “Corporation”), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

The Authority has the general power to acquire real and personal property, give mortgages, make contracts, operate dormitories and other facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, make reasonable rules and regulations to assure the maximum use of facilities, borrow money, issue negotiable bonds or notes and provide for the rights of their holders and adopt a program of self-insurance.

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)

At June 30, 2009, the Authority had approximately \$38.6 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority’s bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority’s bonds and notes include both special obligations and general obligations of the Authority. The Authority’s special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority’s general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at June 30, 2009 were as follows:

| <u>Public Programs</u> | <u>Bonds Issued</u> | <u>Bonds Outstanding</u> | <u>Notes Outstanding</u> | <u>Bonds and Notes Outstanding</u> |
|--|--------------------------|--------------------------|--------------------------|------------------------------------|
| State University of New York Dormitory Facilities..... | \$ 2,250,196,000 | \$ 974,760,000 | \$ 0 | \$ 974,760,000 |
| State University of New York Educational and Athletic Facilities..... | 12,287,697,999 | 5,146,033,149 | 0 | 5,146,033,149 |
| Upstate Community Colleges of the State University of New York..... | 1,431,000,000 | 604,840,000 | 0 | 604,840,000 |
| Senior Colleges of the City University of New York..... | 9,663,821,762 | 2,934,864,213 | 0 | 2,934,864,213 |
| Community Colleges of the City University of New York..... | 2,364,178,350 | 508,140,787 | 0 | 508,140,787 |
| BOCES and School Districts..... | 2,419,101,208 | 1,894,490,000 | 0 | 1,894,490,000 |
| Judicial Facilities..... | 2,161,277,717 | 731,557,717 | 0 | 731,557,717 |
| New York State Departments of Health and Education and Other..... | 5,198,240,000 | 3,538,100,000 | 0 | 3,538,100,000 |
| Mental Health Services Facilities..... | 6,811,595,000 | 3,676,845,000 | 0 | 3,676,845,000 |
| New York State Taxable Pension Bonds..... | 773,475,000 | 0 | 0 | 0 |
| Municipal Health Facilities Improvement Program..... | <u>985,555,000</u> | <u>781,415,000</u> | <u>0</u> | <u>781,415,000</u> |
| Totals Public Programs..... | <u>\$ 46,346,138,036</u> | <u>\$ 20,791,045,866</u> | <u>\$ 0</u> | <u>\$ 20,791,045,866</u> |
| | | | | |
| <u>Non-Public Programs</u> | <u>Bonds Issued</u> | <u>Bonds Outstanding</u> | <u>Notes Outstanding</u> | <u>Bonds and Notes Outstanding</u> |
| Independent Colleges, Universities and Other Institutions..... | \$ 17,477,266,020 | \$ 8,830,846,644 | \$ 35,975,000 | \$ 8,866,821,644 |
| Voluntary Non-Profit Hospitals..... | 13,541,719,309 | 7,933,610,000 | 0 | 7,933,610,000 |
| Facilities for the Aged..... | 1,996,020,000 | 966,245,000 | 0 | 966,245,000 |
| Supplemental Higher Education Loan Financing Program..... | <u>95,000,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Totals Non-Public Programs..... | <u>\$ 33,110,005,329</u> | <u>\$ 17,730,701,644</u> | <u>\$ 35,975,000</u> | <u>\$ 17,766,676,644</u> |
| Grand Totals Bonds and Notes..... | <u>\$ 79,456,143,365</u> | <u>\$ 38,521,747,510</u> | <u>\$ 35,975,000</u> | <u>\$ 38,557,722,510</u> |

Outstanding Indebtedness of the Agency Assumed by the Authority

At June 30, 2009, the Agency had approximately \$361.5 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at June 30, 2009 were as follows:

| <u>Public Programs</u> | <u>Bonds Issued</u> | <u>Bonds Outstanding</u> |
|---|--------------------------|--------------------------|
| Mental Health Services Improvement Facilities..... | <u>\$ 3,817,230,725</u> | <u>\$ 0</u> |
| | | |
| <u>Non-Public Programs</u> | <u>Bonds Issued</u> | <u>Bonds Outstanding</u> |
| Hospital and Nursing Home Project Bond Program..... | \$ 226,230,000 | \$ 3,255,000 |
| Insured Mortgage Programs..... | 6,625,079,927 | 350,549,720 |
| Revenue Bonds, Secured Loan and Other Programs..... | <u>2,414,240,000</u> | <u>7,670,000</u> |
| Total Non-Public Programs..... | <u>\$ 9,265,549,927</u> | <u>\$ 361,474,720</u> |
| Total MCFFA Outstanding Debt..... | <u>\$ 13,082,780,652</u> | <u>\$ 361,474,720</u> |

Governance

The Authority carries out its programs through an eleven-member board, a full-time staff of approximately 660 persons, independent bond counsel and other outside advisors. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at Authority meetings. The members of the Authority serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

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

The current members of the Authority are as follows:

ALFONSO L. CARNEY, Jr., Esquire, *Chair*, New York.

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2010.

JOHN B. JOHNSON, JR., *Vice-Chair*, Watertown.

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2010.

JACQUES JIHA, Ph.D., *Secretary*, Woodbury.

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is an Executive Vice President and the Chief Financial Officer of Earl G. Graves, Ltd., a multi-media company that includes *Black Enterprise* magazine. He is also a member of the Investment Advisory Committee of the New York Common Retirement Fund. Mr. Jiha has previously served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller and as Co-Executive Director of the New York Local Government Assistance Corporation (LGAC). Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible

positions: first as Chief Economist and later as Deputy Comptroller for Budget. Mr. Jiha has served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expires on March 31, 2010.

BRIAN RUDER, Scarsdale.

Mr. Ruder was appointed as a Member of the Authority by the Governor on June 23, 2006. He is Chief Executive Officer of Skylight Partners, a strategic marketing and business development consulting group that he founded in 2001. Prior to Skylight Partners, Mr. Ruder served for four years as Executive Vice President of Global Marketing for Citigroup. He spent 16 years at the H.J. Heinz Co. in progressively responsible positions, including President of Heinz USA, President of Weight Watchers Food Company and corporate Vice President of Worldwide Infant Feeding. He also served as Director of Marketing, New Products and Sales for Pepsi USA in the mid-1980s. Mr. Ruder is a member of the board of the New York State Foundation for Science, Technology and Academic Research (NYSTAR), and also serves as chair of the board of the Adirondack Council, board member and secretary of the New York Metro Chapter of the World Presidents' Organization, and an advisory board member of PNC Private Client Advisors. Mr. Ruder earned a Bachelor of Arts degree in American History in 1976 from Washington University in St. Louis, Mo., and a Master of Business Administration degree in Marketing in 1978 from the Tuck School at Dartmouth College. His current term expired on March 31, 2009 and by law he continues to serve until a successor shall be chosen and qualified.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on December 15, 2008. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2010.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department's Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Romski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Romski holds a

Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

ROMAN B. HEDGES, Ph.D., Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. He was an Associate Professor of Political Science and Public Policy at the State University of New York at Albany where he taught graduate and undergraduate courses in American politics, research methodology, and public policy. Dr. Hedges holds a Doctor of Philosophy and a Master of Arts degree from the University of Rochester and a Bachelor of Arts degree from Knox College.

CAROLE F. HUXLEY, *Interim Commissioner of Education of the State of New York, Albany; ex-officio.*

Carole Huxley was appointed Interim Education Commissioner on July 1, 2009. Ms. Huxley retired in November 2006 after serving for 24 years as Deputy Commissioner for Cultural Education in the New York State Education Department where she was responsible for the New York State Archives, State Library, State Museum and aid to libraries, records repositories and public broadcasting statewide. She came to New York from the National Endowment for Humanities in Washington, DC where she was Director of the Division of Special Programs. Prior to this, Ms. Huxley was with the American Field Service (AFS International) in New York City. She began her career in education teaching high school English in Woodbury, Connecticut. Ms. Huxley holds a Masters of Arts in Teaching from Harvard University and a Bachelor of Arts degree from Mount Holyoke College.

RICHARD F. DAINES, M.D., *Commissioner of Health, Albany; ex-officio.*

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke's-Roosevelt Hospital Center since 2002. Before joining St. Luke's-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

ROBERT L. MEGNA, *Budget Director of the State of New York, Albany; ex-officio.*

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

PAUL T. WILLIAMS, JR. is the Executive Director and chief administrative and operating officer of the Authority. Mr. Williams is responsible for the overall management of the Authority's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior thereto, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a practice in public finance and served there from 1984-1998. Mr. Williams began his career as an associate at the law firm of Walker & Bailey in 1977 and thereafter

served as a counsel to the New York State Assembly. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

MICHAEL T. CORRIGAN is the Deputy Executive Director of the Authority, and assists the Executive Director in the administration and operation of the Authority. Mr. Corrigan came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County, and served as the County's Budget Director from 1986 to 1995. Immediately before coming to the Authority, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

JOHN G. PASICZNYK is the Chief Financial Officer of the Authority. Mr. Pasicznyk is responsible for investment management and accounting, as well as the development of the financial policies for the Authority. Before joining the Authority in 1985, Mr. Pasicznyk worked in audit positions at KPMG Peat Marwick and Deloitte & Touche. He holds a Bachelor's degree from Syracuse University and a Master of Business Administration degree from the Fuqua School of Business at Duke University.

JEFFREY M. POHL is General Counsel to the Authority. Mr. Pohl is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all Authority financings. He is a member of the New York State Bar, and most recently served as a counsel in the public finance group of a large New York law firm. Mr. Pohl had previously served in various capacities in State government with the Office of the State Comptroller and the New York State Senate. He holds a Bachelor's degree from Franklin and Marshall College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against the Authority, the Authority believes that these claims and litigation are covered by the Authority's insurance or by bonds filed with the Authority should the Authority be held liable in any of such matters, or that the Authority has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such litigation.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2009 Bonds.

Legislation

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

Environmental Quality Review

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

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2009. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 9 - LEGALITY OF THE SERIES 2009 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2009 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Series 2009 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 10 - NEGOTIABLE INSTRUMENTS

The Series 2009 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2009 Bonds.

PART 11 - TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law: (i) interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2009 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2009 Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of (i) certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the University to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2009 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes and (ii) the opinions of Counsel to the University regarding, among other things, the current qualification of the University as an organization described in section 501(c)(3) and exempt from taxation under section 501(a) of the Code. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Authority or the University. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2009 Bonds in a manner that is substantially related to the University's charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2009 Bonds to be included in gross income retroactively to the date of the issuance of the Series 2009 Bonds. Bond Counsel will not independently verify the accuracy of the Authority's and the University's certifications and representations or the continuing compliance with the Authority's and the University's covenants and will not independently verify the accuracy of the opinion of the University's counsel.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority or the University may cause loss of such status and result in the interest on the Series 2009 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2009 Bonds. The Authority and the University have each covenanted to take the actions required of it for the interest on the Series 2009 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2009 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2009 Bonds or the market value of the Series 2009 Bonds.

Bond counsel expresses no opinion as to whether the interest on the Series 2009 Bonds earned by certain corporations may be subject to the federal alternative minimum tax, which is based in part in part on adjusted current earnings. Interest on the Series 2009 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2009 Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2009 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2009 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2009 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2009 Bonds will not have an adverse effect on the tax status of interest on the Series 2009 Bonds or the market value of the Series 2009 Bonds.

Prospective purchasers of the Series 2009 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2009 Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2009 Bonds ends with the issuance of the Series 2009 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the University or the owners of the Series 2009 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2009 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2009 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2009 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2009 Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Series 2009 Bonds ("Discount Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2009 Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2009 Bonds ("Premium Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

PART 12 - STATE NOT LIABLE ON THE SERIES 2009 BONDS

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2009 Bonds are not a debt of the State and that the State is not liable on them.

PART 13 - COVENANT BY THE STATE

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

PART 14 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2009 Bonds by the Authority are subject to the approval of Squire, Sanders & Dempsey, New York, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2009 Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the University by Andrew J. Lauer, Vice President for Legal Affairs, Secretary and General Counsel to the University, and by the University's special counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2009 Bonds or questioning or affecting the validity of the Series 2009 Bonds or the proceedings and authority under which they are to be issued.

PART 15 - CERTAIN RELATIONSHIPS

JP Morgan Chase Bank, N.A. has provided, from time to time, and may in the future provide, lending facilities to the University and J.P. Morgan Securities Inc. and certain of its affiliates including JP Morgan Chase Bank, N.A., and certain of the other Underwriters and their affiliates, have, from time to time, provided, and may in the future provide, various services for the University, for which they received or will receive customary fees and expenses. Orrick, Herrington & Sutcliffe LLP, Nixon Peabody LLP and Squire, Sanders & Dempsey L.L.P. have represented, continue to represent or expect to represent in the future the Underwriters and/or the Authority in unrelated matters.

PART 16 - UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2009 Bonds from the Authority at an aggregate purchase price of \$141,416,272.95 and to make a public offering of Series 2009 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2009 Bonds if any are purchased.

The Series 2009 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc.

will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with their respective allocations of Bonds.

J.P. Morgan Securities Inc., one of the underwriters of the Series 2009 Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Series 2009 Bonds with UBS Financial Services Inc.

PART 17 - 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 University has undertaken in a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Holders of the Series 2009 Bonds to provide to Digital Assurance Certification LLC ("DAC"), on behalf of the Authority as the Authority's disclosure dissemination agent, on or before 150 days after the end of each of its fiscal years, commencing with the fiscal year of the University ending June 30, 2009, for filing by DAC with the Municipal Securities Rulemaking Board ("MSRB") and its Electronic Municipal Market Access system for municipal securities disclosures on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 7 — THE UNIVERSITY" of this Official Statement (the "Annual Information"), together with the University's annual financial statements prepared in accordance with U.S. generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with such generally accepted auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the University, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the University and the Authority, to file such information and financial statements, as promptly as practicable, but no later than three Business Days after receipt of the information by DAC from the University, with the MSRB.

The Annual Information will consist of the following: (a) operating data and financial information of the type included in this Official Statement in "PART 7 - THE UNIVERSITY" under the headings "OPERATING INFORMATION" and "FINANCIAL STATEMENT INFORMATION" relating to: (1) *student admissions*, similar to that set forth under the heading "STUDENTS;" (2) *student enrollment*, similar to that set forth under the heading "ENROLLMENT FOR THE FALL SEMESTER;" (3) *tuition and other student charges*, similar to that set forth under the heading "TUITION AND FEES;" (4) *financial aid*, similar to that set forth under the subheading "FINANCIAL AID;" (5) *faculty*, similar to that set forth under the heading "FACULTY;" (6) *employee relations*, including material information about union contracts and, unless such information is included in the audited financial statements of the University, post retirement benefits and pension plans; (7) *restricted and designated net assets and investments and cash equivalents*, unless such information is included in the audited financial statements of the University; (8) *investment in plant*, unless such information is included in the audited financial statements of the University; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited financial statements of the University; 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 University and in judging the financial and operating condition of the University.

The University has undertaken in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices"). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC should they have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the Authority, the University or the Trustee, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2009 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the University has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the University, the Trustee or

the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the University, the Holders of the Series 2009 Bonds or any other party. DAC has no responsibility for the Authority's, Trustee's or University's failure to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine, or liability for failing to determine, whether the University, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the University, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority's disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Series 2009 Bondholders.

The Notices include notices of any of the following events (each a "Notice event") with respect to the Series 2009 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2009 Bonds; (7) modifications to the rights of Holders of the Series 2009 Bonds; (8) bond calls (other than pursuant to mandatory sinking fund redemption requirements); (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2009 Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Series 2009 Bonds, to provide to the MSRB in a timely manner, notice of any failure by the University to provide the Annual Information and Audited Financial Statements by the date required in the University's undertaking described above.

The sole and exclusive remedy for breach or default under the agreement to provide continuing disclosure described above is an action to compel specific performance of the undertaking of DAC, the University and/or the Authority, and no person, including any Holder of the Series 2009 Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the agreement shall not constitute an Event of Default under the Resolution, the Series 2009 Resolution or the Loan 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 agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall 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; and 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. As a result, the parties to the Continuing Disclosure Agreement do not anticipate that it often will be necessary to amend the informational undertaking. The Continuing Disclosure Agreement, however, may be amended or modified without Bondholders consent under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement are on file at the principal office of the Authority.

PART 18 - RATINGS

The Series 2009 Bonds have been assigned a long-term rating of "Aa3" by Moody's Investors Service, Inc. ("Moody's") and a long-term rating of "AA" from Standard & Poor's Rating Service (S&P). Such ratings reflect only the view of Moody's and S&P. Any desired explanation of the significance of such ratings should be obtained from Moody's or S&P at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; or Standard & Poor's, 55 Water St., New York, NY 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by Moody's or S&P if, in the judgment of Moody's or S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2009 Bonds.

PART 19 - MISCELLANEOUS

References in this Official Statement to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2009 Resolution and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2009 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2009 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2009 Bonds.

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

The information regarding the University was supplied by the University. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

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

"Appendix A — Certain Definitions," "Appendix C — Summary of Certain Provisions of the Loan Agreement," "Appendix D — Summary of Certain Provisions of the Resolution" and "Appendix E — Form of Approving Opinion of Bond Counsel" have been prepared by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel.

"Appendix B — Consolidated Financial Statements of Yeshiva University and Related Entities and Independent Auditors' Report" contains the audited consolidated financial statements of the University as of and for the years ended June 30, 2008 and 2007 and the report of the University's independent auditors, KPMG LLP, on such consolidated financial statements.

The University has reviewed the parts of this Official Statement describing the University, the Refunding Plan, the Principal and Interest Requirements, the 2009 Project, the Estimated Sources and Uses of Funds and Appendix B. The University, as a condition to issuance of the Series 2009 Bonds, is required to certify that as of the date of this Official Statement and as of the date of issuance of the Series 2009 Bonds, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: /s/ Paul T. Williams, Jr.
 Authorized Officer

CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

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

Accreted Value means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or the Bond Series Certificate relating thereto and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

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

Appreciated Value means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or the Bond Series Certificate relating thereto and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

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

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

Authority Fee means the fee payable to the Authority consisting of all of the Authority's internal costs and overhead expenses attributable to the issuance of the Series 2009 Bonds and the construction of the Project as more particularly described in Schedule B to the Loan Agreement and made a part of the Loan Agreement.

Authorized Newspaper means The **Bond Buyer** or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority.

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance and Portfolio Monitoring, the Managing Director of Construction and the General Counsel and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the University, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the University to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to

perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

Available Money means:

- (i) when used in connection with Bonds other than Letter of Credit Secured Bonds, any money unless the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to them otherwise provides; and
- (ii) when used in connection with Letter of Credit Secured Bonds:
 - (A) the proceeds of such Bonds;
 - (B) money obtained by the Trustee pursuant to the Letter of Credit for such Bonds;
 - (C) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds;
 - (D) money which has been on deposit with the Trustee for at least one hundred twenty-four (124) days (or, if there are any affiliates of the University, three hundred sixty-six (366) days) prior to and during which no petition by or against the Authority or the University, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the “**Bankruptcy Code**”) shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal; or
 - (E) any other money the application of which to the payment of the principal, Redemption Price or purchase price of or interest on such Bond would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority or the University under the Bankruptcy Code; and
 - (F) the proceeds from the investment of money described in clauses (A) through (E) above.

Bond or Bonds or Series of Bonds means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to the applicable Series Resolution and for purposes of Appendix C, means the Series 2009 Bonds.

Bond Counsel means Squire, Sanders & Dempsey L.L.P. or an attorney or other law firm appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bond Series Certificate means the certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so under the Resolution or under a Series Resolution.

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

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

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

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

Capital Appreciation Bond means any Bond as to which interest is compounded on each Valuation Date for such Bond and is payable only at the maturity or prior redemption thereof.

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

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

Contract Documents means any general contract or agreement for the construction of the Project, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, Series 2009 Bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the University relating to the construction of the Project, and any amendments to the foregoing.

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Letter of Credit, a financial guaranty insurance policy, a Liquidity Facility, a Hedge Agreement or a Remarketing Agreement, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

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

Counterparty means any person with which the Authority or the University has entered into a Hedge Agreement, provided that, at the time the Hedge Agreement is executed, the senior or uncollateralized long-term debt obligations of such person, or of any person that has guaranteed for the term of the Hedge Agreement the obligations of such person thereunder, are rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, not lower than in the third highest rating category by each Rating Service.

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

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

Defeasance Security means:

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

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

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

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

(iv) any other investments acceptable to the Rating Service(s) for defeasance.

Deferred Income Bond means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on July 1 and January 1 of each Bond Year (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

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

Event of Default, when used in connection with the Resolution, means each event summarized in Appendix D under the heading “**Events of Default**” and, when used in connection with the Loan Agreement, means each event summarized in Appendix C under the heading “**Defaults and Remedies.**”

Exempt Obligation means:

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

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

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

Federal Agency Obligation means:

(i) an obligation issued by any federal agency or instrumentality approved by the Authority;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by the Authority;

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

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

Government Obligation means:

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

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

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

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

(v) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the

Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

Hedge Agreement means any financial arrangement entered into by the Authority or the University with a Counterparty that is or in the nature of an interest rate exchange agreement, an interest rate cap or collar or other exchange or rate protection transaction, in each case executed for the purpose of moderating interest rate fluctuations, reducing interest cost or creating with respect to any Variable Interest Rate Bond, the economic or financial equivalent of a fixed rate of interest on such Bond; *provided, however*, that no such agreement entered into by the University shall constitute a Hedge Agreement for purposes hereof unless consented to in writing by the Authority.

Insurance Consultant means a person or firm selected by the University which is qualified to survey risks and to recommend insurance coverage for the University and organizations engaged in like operations.

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

Interest Commencement Date means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

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

Letter of Credit means an irrevocable direct-pay letter of credit for the benefit of the Trustee pursuant to which the issuer thereof is obligated, upon a drawing made by the Trustee in accordance with the terms of such letter of credit, to advance to the Trustee amounts to pay the principal and Sinking Fund Installments of and interest on such Bonds, as the same becomes due whether or not the Authority is in default hereunder or the University is in default under a Loan Agreement that is issued by (i) a bank, savings bank, savings and loan association or trust company organized under the laws of any state of the United States of America and authorized to do business in the State, (ii) a trust company, (iii) a national banking association, (iv) an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, or (vi) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Letter of Credit Secured Bond means a Bond in connection with which a Letter of Credit has been issued.

Lien means any mortgage, pledge, lien, charge or security interest in the nature thereof (including any conditional sales agreement, equipment trust agreement, or other title retention agreement) or other encumbrance of whatsoever nature, other than:

- (i) any instrument recorded pursuant to the Section 20 of the Loan Agreement;
- (ii) the lien of taxes and assessments which are not delinquent;
- (iii) the lien of taxes and assessments which are either not yet due or are delinquent but the validity of which is being contested in good faith unless the property or the interest of the Authority therein may be in danger of being lost or forfeited;

(iv) minor defects and irregularities in the title to such property which do not in the aggregate materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

(v) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes for which it is or may reasonably be expected to be held; and

(vi) any other Liens or other matters approved in writing by the Authority.

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

Liquidity Facility Provider means, when used in connection with any particular Bonds, the issuer or provider of a Liquidity Facility related to such Bond.

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

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

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

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

Option Bond means any Bond of a Series which by its terms may be or is required to be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase by the Authority prior to the stated maturity thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

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

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and

(iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

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

Permitted Collateral means:

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

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

(iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category;

(iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category; and

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

Permitted Investments means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

(iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;

(v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are, at the time an investment therein is made or the same is deposited in any fund or account hereunder, rated by at least one Rating Service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;

(vi) commercial paper issued by a domestic corporation rated, at the time an investment therein is made or the same is deposited in any fund or account hereunder, in the

highest short term rating category by at least one Rating Service and having maturities of not long than two hundred seventy (270) days from the date of purchase;

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

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

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

Project means the buildings, improvements, fixtures, furnishings and equipment more particularly described in described in Schedule C to the Loan Agreement.

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

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

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or

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

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

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

Rating Service each of Moody's Investors Service, Inc., Standard & Poor's Rating Services, and Fitch, Inc., in each case, which has assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns.

Record Date means, unless the Series Resolution authorizing Variable Interest Rate Bonds or Option Bonds or the Bond Series Certificate relating thereto provides otherwise with respect to such Variable Interest Rate Bonds or Option Bonds, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

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

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

Remarketing Agent means the person appointed by or pursuant to a Series Resolution authorizing the issuance of Option Bonds to remarket such Option Bonds tendered or deemed to have been tendered for purchase in accordance with such Series Resolution or the Bond Series Certificate relating to such Option Bonds.

Remarketing Agreement means, with respect to Option Bonds of a Series, an agreement either between the Authority and the Remarketing Agent, or among the Authority, the University and the Remarketing Agent, relating to the remarketing of such Bonds.

Resolution means the Authority's Yeshiva University Revenue Bond Resolution, adopted by the Authority June 24, 2009, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

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

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

or account established by or pursuant to such Series Resolution for repayment of advances made by a Liquidity Facility Provider for payment of the purchase price of Option Bonds; and

(ii) all amounts received as a consequence of the enforcement of a Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon any lien upon property of the University given to secure the University's obligation under such Loan Agreement.

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

Series Resolution means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution.

Series 2009 Bonds means the Bonds authorized by Article II of the Series 2009 Resolution.

Series 2009 Resolution means the Series 2009 Resolution Authorizing Up To \$145,000,000 Yeshiva University Revenue Bonds, Series 2009.

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

Sinking Fund Installment means, as of any date of calculation:

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

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

Standby Purchase Agreement means an agreement by and between the Authority and another person or by and among the Authority and another person or by and among the Authority, the University and another person, pursuant to which such person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

State means the State of New York.

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

Tax Certificate means a certificate executed by an Authorized Officer of the Authority, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Series 2009 Bonds in which the Authority makes representations and agreements as to arbitrage and compliance with the provisions of Section 141 through 150, inclusive, of the Code, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

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

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

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

University means Yeshiva University, an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State or any successor thereto.

Valuation Date means (i) with respect to any Capital Appreciation Bond, each date set forth in the Series Resolution authorizing such Capital Appreciation Bond or in the Bond Series Certificate relating to such Bond on which a specific Accreted Value is assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date and the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

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

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

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

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

**FINANCIAL STATEMENTS OF YESHIVA UNIVERSITY,
AND INDEPENDENT AUDITORS' REPORT**

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**YESHIVA UNIVERSITY AND
RELATED ENTITIES**

Consolidated Financial Statements

June 30, 2008 and 2007

(With Independent Auditors' Report Thereon)

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Yeshiva University:

We have audited the accompanying consolidated balance sheets of Yeshiva University (the University) and related entities as of June 30, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yeshiva University and related entities as of June 30, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

March 4, 2009

**YESHIVA UNIVERSITY AND
RELATED ENTITIES**

Consolidated Balance Sheets

June 30, 2008 and 2007

(Dollars in thousands)

| Assets | 2008 | 2007 |
|--|--------------|-------------|
| Cash and cash equivalents | \$ 15,573 | 10,281 |
| Contributions receivable, net (note 9) | 202,738 | 153,115 |
| Grants and contracts receivable | 35,332 | 32,224 |
| Mortgage loans receivable | 19,327 | 16,265 |
| Student loans receivable, net (note 9) | 48,391 | 45,220 |
| Prepaid expenses and other assets | 20,714 | 18,069 |
| Investments (notes 3 and 16) | 1,445,710 | 1,723,673 |
| Funds held by bond trustees (note 6) | 19,345 | 22,952 |
| Trusts and split-interest agreements held by others | 18,827 | 16,801 |
| Land, buildings, and equipment, net (notes 10, 13, and 15) | 724,069 | 638,201 |
| Total assets | \$ 2,550,026 | 2,676,801 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 89,826 | 85,672 |
| Deferred revenue | 5,386 | 8,002 |
| Line of credit (notes 5 and 6) | 69,000 | 59,000 |
| Other liabilities (note 14) | 27,368 | 27,050 |
| Refundable advances from the U.S. government | 5,539 | 5,630 |
| Bonds payable and other long-term debt (notes 5 and 6) | 196,108 | 201,275 |
| Capital lease obligation (note 14) | 38,182 | 38,182 |
| Reserve for asset retirement obligations (note 15) | 13,882 | 10,916 |
| Mortgage notes and accrued interest payable (note 6) | 43,730 | 43,843 |
| Total liabilities | 489,021 | 479,570 |
| Commitments and contingencies (notes 3, 13, 14, and 16) | | |
| Net assets: | | |
| Unrestricted | 1,142,456 | 1,345,691 |
| Temporarily restricted (note 11) | 279,927 | 265,767 |
| Permanently restricted (note 12) | 638,622 | 585,773 |
| Total net assets | 2,061,005 | 2,197,231 |
| Total liabilities and net assets | \$ 2,550,026 | 2,676,801 |

See accompanying notes to consolidated financial statements.

**YESHIVA UNIVERSITY AND
RELATED ENTITIES**

Consolidated Statements of Activities
Years ended June 30, 2008 and 2007
(Dollars in thousands)

| | 2008 | | | 2007 | | | | |
|--|--------------|------------------------|------------------------|-----------|--------------|------------------------|------------------------|-----------|
| | Unrestricted | Temporarily restricted | Permanently restricted | Total | Unrestricted | Temporarily restricted | Permanently restricted | Total |
| Operating revenues: | | | | | | | | |
| Tuition and fees, net of scholarships and fellowships of \$72,963 in 2008 and \$62,834 in 2007 | \$ 120,137 | — | — | 120,137 | 118,705 | — | — | 118,705 |
| Grants and contracts | 256,382 | — | — | 256,382 | 243,452 | — | — | 243,452 |
| Private gifts and bequests | 26,728 | — | — | 26,728 | 17,664 | — | — | 17,664 |
| Services under affiliation agreements | 12,585 | — | — | 12,585 | 11,679 | — | — | 11,679 |
| Investment return utilized (notes 4 and 16) | 65,078 | — | — | 65,078 | 67,538 | — | — | 67,538 |
| Auxiliary enterprises | 29,299 | — | — | 29,299 | 27,589 | — | — | 27,589 |
| Other revenue | 16,265 | — | — | 16,265 | 14,270 | — | — | 14,270 |
| Net assets released from restriction | 31,605 | — | — | 31,605 | 39,010 | — | — | 39,010 |
| Total operating revenues | 558,079 | — | — | 558,079 | 539,907 | — | — | 539,907 |
| Operating expenses: | | | | | | | | |
| Instruction, clinical, and departmental research | 195,069 | — | — | 195,069 | 169,663 | — | — | 169,663 |
| Sponsored research and training | 214,531 | — | — | 214,531 | 201,792 | — | — | 201,792 |
| Academic support | 45,263 | — | — | 45,263 | 39,117 | — | — | 39,117 |
| Student services | 31,364 | — | — | 31,364 | 27,279 | — | — | 27,279 |
| Institutional support | 73,981 | — | — | 73,981 | 49,831 | — | — | 49,831 |
| Auxiliary enterprises | 29,499 | — | — | 29,499 | 26,189 | — | — | 26,189 |
| Development | 20,003 | — | — | 20,003 | 15,041 | — | — | 15,041 |
| Total operating expenses | 609,710 | — | — | 609,710 | 528,912 | — | — | 528,912 |
| (Decrease) increase from operating activities | (51,631) | — | — | (51,631) | 10,995 | — | — | 10,995 |
| Nonoperating activities: | | | | | | | | |
| Private gifts and bequests | — | 56,707 | 53,923 | 110,630 | — | 8,433 | 91,026 | 99,459 |
| Net assets released from restriction | — | (31,605) | — | (31,605) | — | (39,010) | — | (39,010) |
| Change in value of split-interest agreements | — | 855 | (968) | (113) | — | 1,564 | 1,680 | 3,244 |
| Investment return (less than) in excess of amount utilized (notes 4 and 16) | (61,394) | 769 | 704 | (59,921) | 179,559 | 41,493 | (2,639) | 218,413 |
| (Provision for) recovery of contributions receivable | — | (715) | (810) | (1,525) | — | 5,538 | (1,755) | 3,783 |
| Other (note 8) | (6,771) | — | — | (6,771) | (5,484) | — | — | (5,484) |
| Change in net assets before loss from investment write-off | (119,796) | 26,011 | 52,849 | (40,936) | 185,070 | 18,018 | 88,312 | 291,400 |
| Loss from investment write-off (note 16) | (83,439) | (11,851) | — | (95,290) | — | — | — | — |
| Change in net assets | (203,235) | 14,160 | 52,849 | (136,226) | 185,070 | 18,018 | 88,312 | 291,400 |
| Net assets at beginning of year | 1,345,691 | 265,767 | 585,773 | 2,197,231 | 1,160,621 | 247,749 | 497,461 | 1,905,831 |
| Net assets at end of year | 1,142,456 | 279,927 | 638,622 | 2,061,005 | 1,345,691 | 265,767 | 585,773 | 2,197,231 |

See accompanying notes to consolidated financial statements.

**YESHIVA UNIVERSITY AND
RELATED ENTITIES**

Consolidated Statements of Cash Flows

Years ended June 30, 2008 and 2007

(Dollars in thousands)

| | <u>2008</u> | <u>2007</u> |
|--|------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (136,226) | 291,400 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Net depreciation (appreciation) on investments | 3,593 | (275,189) |
| Loss from investment write-off | 95,290 | — |
| Proceeds from insurance recovery | (3,190) | — |
| Interest and dividends reinvested for long-term investment | (140) | (765) |
| Contributions of investments | (10,010) | (5,802) |
| Depreciation, accretion, and amortization | 44,127 | 30,238 |
| (Increase) decrease in trusts and split-interest agreements held by others | (2,026) | 868 |
| Provision for (recovery of) uncollectible loans and receivables | 13,839 | (6,051) |
| Contributions restricted for long-term investment | (53,923) | (87,812) |
| Contributions restricted for investment in plant assets | (10,200) | — |
| Changes in operating assets and liabilities: | | |
| Increase in receivables | (25,240) | (12,102) |
| Increase in prepaid expenses and other assets | (14,336) | (6,277) |
| Increase (decrease) in asset retirement obligations | 2,074 | (1,608) |
| Increase in accounts payable and accrued expenses, deferred revenue, and other liabilities | 6,699 | 2,297 |
| Net cash used in operating activities | <u>(89,669)</u> | <u>(70,803)</u> |
| Cash flows from investing activities: | | |
| Increase in student and faculty loans receivables, net | (6,265) | (2,228) |
| Additions to plant assets | (129,176) | (234,125) |
| Proceeds from insurance recovery | 3,190 | — |
| (Decrease) increase in accounts payable and accrued expenses relating to plant assets | (4,843) | 7,583 |
| Purchases of investments | (529,053) | (959,297) |
| Proceeds from sales of investments | 718,143 | 1,069,594 |
| Net cash provided by (used in) investing activities | <u>51,996</u> | <u>(118,473)</u> |
| Cash flows from financing activities: | | |
| Contributions restricted for long-term investment | 53,923 | 87,812 |
| Increase in permanently restricted contributions receivable | (38,715) | (61,852) |
| Contributions restricted for investment in plant assets | 10,200 | — |
| Decrease in capital contributions receivable | 9,108 | 8,229 |
| Interest and dividends reinvested for long-term investment | 140 | 765 |
| Decrease in refundable advances from the U.S. Government | (91) | (119) |
| Proceeds from issuance of line of credit, bonds payable, and other long-term debt | 10,000 | 79,698 |
| Payment of line of credit, bonds payable, and other long-term debt | (5,207) | (4,873) |
| Decrease in funds held by bond trustees | 3,607 | 75,315 |
| Net cash provided by financing activities | <u>42,965</u> | <u>184,975</u> |
| Net increase (decrease) in cash and cash equivalents | 5,292 | (4,301) |
| Cash and cash equivalents at beginning of year | <u>10,281</u> | <u>14,582</u> |
| Cash and cash equivalents at end of year | <u>\$ 15,573</u> | <u>10,281</u> |
| Supplemental disclosure: | | |
| Interest paid | \$ 13,877 | 10,930 |

See accompanying notes to consolidated financial statements.

**YESHIVA UNIVERSITY AND
RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

(Dollars in thousands)

(1) Discussion of Operations

Yeshiva University (the University) is a private, nonprofit institution of higher education based in New York City. The University is composed of several colleges and schools providing undergraduate, graduate, professional, and post-doctoral education and training. The University performs research and clinical services at its Albert Einstein College of Medicine (Einstein) under grants, contracts, and similar agreements with sponsoring organizations. The Manhattan Campuses of Yeshiva University (Manhattan Campuses) include all units of the University other than Einstein. Instruction is provided to approximately 6,600 students. In addition, the University operates programs in Israel and a museum in New York City.

(a) Grants and Contracts

Grants and contracts received in support of the University's research, clinical, and training activities represented approximately 46% and 45% of the University's total operating revenues in 2008 and 2007, respectively, with more than half of that revenue derived from grants and contracts from the U.S. Government – primarily the Department of Health and Human Services (DHHS). Grants and contracts revenue includes the recovery of research facility and administrative costs (indirect costs) and fringe benefit costs that have been charged to DHHS and other governmental agencies' research grants and contracts through the application of indirect cost and fringe benefit rates, which are applied on a percentage basis to modified total direct costs and salary expenses, respectively, in accordance with applicable federal regulations.

Applications for renewal of existing grants and contracts and for new grants and contracts are submitted and approved at varying times during the year. At June 30, 2008, Einstein had commitments from various agencies of the U.S. Government, New York State, and New York City for grants and contract funding of approximately \$209,000 for the year ending June 30, 2009. In addition, Einstein had commitments from private sources for grants and contracts of approximately \$24,000 for the year ending June 30, 2009. These commitments are excluded from the accompanying consolidated balance sheet at June 30, 2008.

(b) Affiliation Agreements

Einstein has entered into affiliations with the New York City Health and Hospitals Corporation (HHC) and with several hospitals. Included among these affiliations are agreements with Jacobi Medical Center (Jacobi) (an HHC hospital), North Shore-Long Island Jewish Health System, Beth Israel Medical Center, Bronx Lebanon Hospital, and Montefiore Medical Center (Montefiore). Under the terms of these agreements, the affiliated institutions provide a clinical training site for Einstein's students. In addition, Einstein has agreed to provide certain professional and related supporting services in exchange for payment of certain direct contract and overhead costs incurred by Einstein in connection with graduate medical educational programs conducted at the medical centers.

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In addition, Einstein entered into a lease agreement with Montefiore in 1979, whereby Einstein granted exclusive occupation, management, and control of Weiler Hospital of Albert Einstein College of Medicine (WHAECOM) to Montefiore. The lease expires in 2045. The agreement provides for payments of rent, personal services, and various other charges. The future minimum lease payments for fiscal 2009 amount to \$1,932 with annual escalations thereafter of approximately 2% through 2045. The rental income on this lease is recognized evenly over the life of the lease, and accordingly, a deferred rent receivable of \$3,975 and \$3,148 is included in prepaid expenses and other assets in the consolidated balance sheets at June 30, 2008 and 2007, respectively.

(c) *Clinical Programs*

Einstein operates numerous clinics for several programs under contracts with various agencies of New York State and New York City. The clinics primarily provide mental health and rehabilitation services to adults and children, and treatment for drug and alcohol abuse. Grants and contracts revenue include \$44,686 and \$43,792 of funded patient care revenue for the years ended June 30, 2008 and 2007, respectively.

(d) *Related Entities*

The Albert Einstein College of Medicine Staff Housing Co., Inc. (the Housing Company) is a 635-unit, limited-profit housing project under the supervision of the Housing Development Administration of the City of New York through the Mitchell-Lama Housing Program. The Housing Company provides housing primarily for students of Einstein.

The Yeshiva Endowment Foundation, Inc. (the Foundation) was formed in 1927 as a separate corporation organized for the benefit of the University and its affiliate. Control of the Foundation is vested in a board of trustees, a majority of whose membership includes certain board members and officers of the University. The Foundation includes five wholly owned, for-profit real estate corporations.

The University also owns several for-profit real estate entities that provide, among other things, housing for Manhattan Campuses' university-affiliated individuals and others.

All of the aforementioned related entities are included in the consolidated financial statements.

(e) *Affiliated Organizations*

Rabbi Isaac Elchanan Theological Seminary (RIETS) and the Yeshiva University High Schools (the High Schools), an association that maintains separate secondary school programs for boys and girls, are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York in 1970 and 2003, respectively. Control of RIETS and the High Schools is vested in their respective boards of trustees, a minority of whose members also serve on the University's board of trustees. The financial results for these two entities are not included in the consolidated financial statements.

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(f) Tax Status

The University is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). The University is, however, subject to unrelated business income tax on some of its income generated from investments in alternative investments. Unrelated business income tax for the years ended June 30, 2008 and 2007 was:

| | 2008 | 2007 |
|---------|-------------|-------------|
| Federal | \$ 144 | 388 |
| State | 25 | 135 |
| Total | \$ 169 | 523 |

The Housing Company is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(2) and is exempt from federal income taxes under Internal Revenue Code Section 501(a).

The Foundation is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). The Foundation operates as a supporting organization of the University.

The real estate entities are wholly owned by either the University or the Foundation and operate as for-profit entities which are either disregarded or are subject to income tax at the federal, state, and local levels. In the opinion of management, these corporations generate recurring losses and de minimis tax liabilities that are not material to the consolidated financial statements. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

Effective July 1, 2007, the University adopted the Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarified the accounting for uncertain income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. There was no material impact to the University's consolidated financial statements as a result of the adoption of FIN 48.

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(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the University and its related entities are described below:

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University, the Housing Company, the Foundation, and wholly owned real estate entities. Amounts included for the Housing Company and certain real estate entities are as of and for the years ended December 31, 2007 and 2006.

Net assets of the University and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met by actions of the University and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Contributions subject to donor-imposed restrictions that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period as received are reported as increases in unrestricted net assets. Expirations of temporary restrictions on prior year net asset balances are reported as net assets released from restriction.

(b) Grants and Contracts

Grants and contracts are treated as exchange transactions, and accordingly, are reported as unrestricted revenue when expenses are incurred in accordance with the terms of the agreement.

(c) Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged.

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Conditional promises to give are not recognized until they become unconditional, i.e., when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of property and equipment are recorded as increases in unrestricted net assets unless the donor places restrictions on their use. Pledges not expected to be received within one year are discounted at a risk-free rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. In addition, an allowance for contributions receivable estimated to be uncollectible is provided.

(d) Cash Equivalents

Highly liquid debt instruments with maturities at date of purchase of three months or less are classified as cash equivalents, except for those short-term investments that are held by bond trustees or are managed by external investment managers as part of their long-term strategies.

(e) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Investments and Investment Income

Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and assesses the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

Dividends, interest, and net gains on investments are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of permanently restricted net assets
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the income or net gains and the University has not spent such amounts in the year earned
- as increases in unrestricted net assets in all other cases.

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(g) Land, Buildings, and Equipment

Land, buildings and equipment is stated substantially at cost, except for those received by gift, which are stated at appraised value at date of gift. Library books are valued at a nominal value of one dollar per volume. Tangible personal property having a useful life of one year or more and an acquisition cost of \$3 or more per unit is capitalized.

In the opinion of management, the University has title to all equipment purchased with grant funds, except for certain specialized equipment. In certain cases, the granting agencies retain certain rights thereto and may request transfer of such property to others. At such time, the University recognizes equipment disposals for these items. Items of equipment purchased under affiliation agreements and various clinical program agreements are not capitalized when the terms of the agreements specify that title to such property remains with the funding agency.

Depreciation is computed on a straight-line basis over their estimated useful lives. Depreciable lives of buildings and improvements range from 13 to 50 years and depreciable lives of equipment, furniture, and fixtures range from 5 to 15 years.

Annually, in accordance with the terms of the lease of WHAECOM (see note 1), Montefiore contributes to the "Weiler Hospital Capital Account" (capital account). These funds are kept in a separate account segregated from all other assets of Einstein and can be used only to fund capital expenditures for the Weiler Hospital. While the capital account and all items purchased therefrom are property of Einstein, the account remains restricted under terms of the lease.

(h) Refundable Advances from the U.S. Government

Funds provided by the U.S. Government under the Federal Perkins Loan, the Health Professions Student Loan, and the Disadvantaged Student Loan programs are loaned to eligible students and may be reloaned after collections. These funds are ultimately refundable to the government and are presented in the accompanying consolidated balance sheets as a liability.

(i) Split-Interest Agreements and Perpetual Trusts

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts for which the University serves as trustee. Assets held in these trusts are included in investments (see note 3). Contribution revenue is recognized at the date that the trusts are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is also the beneficiary of certain perpetual trusts and other split-interest agreements held and administered by others. The present value of the estimated future cash receipts from the trusts is recognized as an asset and as a contribution when the University is notified that the trusts have been funded. Distributions from trusts are recorded as investment income and the carrying

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value of the assets is adjusted annually for changes in the estimates of future receipts. Changes in the fair values of assets of perpetual trusts are recorded as increases or decreases in permanently restricted net assets.

(j) *Operating and Nonoperating Activities*

The consolidated statements of activities present the changes in net assets in two sections – operating activities and nonoperating activities. Nonoperating activities consist of (i) temporarily and permanently restricted contributions (ii) temporarily restricted net assets released from restriction (iii) changes in value of split-interest agreements, (iv) investment return in excess of (less than) the authorized spending level, (v) (provision for) recovery of contributions receivable (vi) bad debt expense on receivables from affiliated organizations, and (vii) nonrecurring items.

(k) *Expenses*

Expenses are reported in the accompanying consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction, research, and training. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of these primary program services. For purposes of reporting development (fund-raising) expenses, the University includes only those fund-raising and various support costs incurred by its development function.

(l) *Recently Issued Accounting Standards*

In September 2006, the FASB released Statement No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value of assets and liabilities that are required by other generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies where other accounting pronouncements require or permit fair value measurements; it does not require any new fair value measurements under GAAP. SFAS 157 is effective for fiscal years beginning after November 15, 2007, or for the University's consolidated financial statements for the year ending June 30, 2009. Management is currently evaluating the impact the adoption of SFAS 157 will have on the University's consolidated financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Liabilities* (SFAS 159), which permits entities to choose to measure many financial instruments and certain other items at fair value with changes in fair value included in current earnings. The election is made on specified election dates, can be made on an instrument-by-instrument basis, and is irrevocable. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007.

In August 2008, the FASB issued FASB Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All*

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Endowment Funds. FAS 117-1 applies to not-for-profit organizations with donor-restricted endowment funds, and will possibly result in significant net asset category reclassifications for those reporting entities that are domiciled in UPMIFA states. For those entities where UPMIFA is applicable, the reporting not-for-profit entity will be required to classify the portion of donor-restricted endowment funds that are not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure by the organization. In addition, all entities that adopt FAS 117-1 will be subject to new endowment disclosure requirements. The provisions of FAS 117-1 are effective for fiscal years ending after December 15, 2008. Management is currently analyzing the potential effect in the event that New York should adopt UPMIFA, as well as the additional mandatory disclosures.

(m) Reclassification

Certain previously reported amounts in the 2007 consolidated financial statements have been reclassified in order to conform to the 2008 presentation.

(n) Other Significant Accounting Policies

Other significant accounting policies are set forth in the following notes.

(3) Investments

The University manages an investment portfolio on behalf of Yeshiva University, its related entities, and its unconsolidated affiliated organizations (note 1). At June 30, 2008 and 2007, the University's investments, on a consolidated basis, consisted of the following:

| | <u>2008</u> | | <u>2007</u> | |
|--|--|-------------------|--|-------------------|
| | <u>Cost or contributed value</u> | <u>Fair value</u> | <u>Cost or contributed value</u> | <u>Fair value</u> |
| Mutual funds | \$ 50,115 | 71,668 | 44,513 | 80,237 |
| U.S. Government obligations | 31,458 | 33,928 | 41,054 | 41,048 |
| State of Israel bonds | 17,713 | 17,713 | 17,660 | 17,660 |
| Corporate bonds | 15,556 | 14,139 | 22,476 | 22,657 |
| Corporate stocks | 180,883 | 168,500 | 212,861 | 275,547 |
| Alternative investments (note 16) | 714,724 | 1,301,526 | 811,178 | 1,467,198 |
| Other | 14,641 | 10,631 | 10,374 | 8,576 |
| | <u>1,025,090</u> | <u>1,618,105</u> | <u>1,160,116</u> | <u>1,912,923</u> |
| Less unconsolidated affiliate's (RIETS and High Schools) interests in the investment portfolio | <u>(122,209)</u> | <u>(172,395)</u> | <u>(121,898)</u> | <u>(189,250)</u> |
| | <u>\$ 902,881</u> | <u>1,445,710</u> | <u>1,038,218</u> | <u>1,723,673</u> |

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Alternative investments are less liquid than the other investments. The following table summarizes these investments by investment strategy at June 30, 2008 and 2007:

| <u>Alternative investment strategy</u> | <u>2008</u> | | <u>2007</u> | |
|--|----------------------------|---------------------|----------------------------|---------------------|
| | <u>Number of funds</u> | <u>Fair value</u> | <u>Number of funds</u> | <u>Fair value</u> |
| Multistrategy, fund of funds, and absolute return (note 16) | 35 | \$ 506,086 | 34 | \$ 695,494 |
| Event-driven and distressed securities | 18 | 215,165 | 17 | 230,008 |
| Relative value | 3 | 114,077 | 3 | 64,893 |
| Real estate | 4 | 28,260 | 4 | 26,345 |
| Long/short equity | 11 | 311,738 | 12 | 314,407 |
| Fixed income arbitrage and aggressive fixed income | 4 | 126,200 | 5 | 136,051 |
| | <u>75</u> | <u>\$ 1,301,526</u> | <u>75</u> | <u>\$ 1,467,198</u> |

The alternative investment portfolio includes limited partnerships, limited liability corporations, and off-shore investment funds. The underlying investments include, among other financial instruments, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments involve varying degrees of off-balance-sheet risk.

All investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated balance sheets.

At June 30, 2008 and 2007, \$272,382 and \$394,827 (note 16), respectively, were invested in alternative investment funds whose fund manager or general partner was also a member of the University's investment committee or Board of Trustees. Investment management fees charged by these funds during 2008 and 2007 were \$6,689 and \$9,591, respectively.

The University manages substantially all of its investments and those of certain consolidated related and its unconsolidated affiliated entities in two investment pools. The first pool, the pooled asset fund, invests principally in short-term obligations and the second pool, the consolidated investment pool, invests principally in longer term investments, including alternative investments, as described above.

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At June 30, 2008 and 2007, the value of the University's investments in these pools, as well as certain separately invested investments, was as follows:

| | 2008 | | 2007 | |
|------------------------------|--|-------------------|--|-------------------|
| | Cost or contributed value | Fair value | Cost or contributed value | Fair value |
| Pooled asset fund | \$ 28,262 | 27,153 | 29,821 | 29,465 |
| Consolidated investment pool | 843,154 | 1,387,654 | 968,160 | 1,653,392 |
| Other – separately invested | 31,465 | 30,903 | 40,237 | 40,816 |
| | <u>\$ 902,881</u> | <u>1,445,710</u> | <u>1,038,218</u> | <u>1,723,673</u> |

The University's investments include assets held in irrevocable charitable remainder annuity trusts in the amount of \$31,896 (of which \$19,619 is in the pooled asset fund and \$12,277 is in other separately invested investments) and \$33,100 (of which \$11,390 is in the pooled asset fund and \$21,710 is in other separately invested investments) at June 30, 2008 and 2007, respectively.

Under the terms of certain alternative investment agreements, the University is obligated to periodically advance additional funding for its alternative investments. At June 30, 2008, the University had commitments of approximately \$102,000 for which capital calls had not been exercised. This amount has not been recorded as a liability in the accompanying consolidated balance sheet. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity in its investment portfolio to cover such calls.

Since June 30, 2008, significant volatility and decline in the financial markets have adversely impacted the University's investment portfolio. As of December 31, 2008, the estimated market value (unaudited) of the portfolio had declined approximately 22.6% from the reported June 30, 2008 level, which is after the loss from the investment write-off disclosed in note 16. This estimate is unaudited and does not reflect updated valuations for certain investments for which valuations are infrequently provided.

(4) Spending Rate and Investment Return

The University utilizes a spending rate in allocating income earned on the consolidated investment pool. In accordance with the spending rate policy, 5.5% of the fair value per unit, based on a 12-quarter rolling average at December 31 of the previous fiscal year, is available for expenditure for the fiscal year commencing July 1. If interest and dividends earned during the year are not sufficient to support the authorized spending level, the balance is provided from appreciation. If investment return is in excess of the authorized spending level, the balance is reinvested. In accordance with the above spending rate policy, \$74,614 and \$75,040 was made available to support operations of the University for the years ended June 30, 2008 and 2007, respectively.

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The following summarizes the University's total investment return, before the investment write-off disclosed in note 16, for the years ended June 30, 2008 and 2007:

| | 2008 | | | |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------|
| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
| Interest and dividends on investments, net of expenses of \$2,087 | \$ 7,545 | 1,065 | 140 | 8,750 |
| Net (depreciation) appreciation on investments | <u>(3,861)</u> | <u>(296)</u> | <u>564</u> | <u>(3,593)</u> |
| Total investment return | 3,684 | 769 | 704 | 5,157 |
| Investment return recognized in operating activities | <u>65,078</u> | <u>—</u> | <u>—</u> | <u>65,078</u> |
| Investment return recognized in nonoperating activities | <u>\$ (61,394)</u> | <u>769</u> | <u>704</u> | <u>(59,921)</u> |
| | 2007 | | | |
| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
| Interest and dividends on investments, net of expenses of \$2,544 | \$ 7,991 | 2,006 | 765 | 10,762 |
| Net appreciation (depreciation) on investments | <u>239,106</u> | <u>39,487</u> | <u>(3,404)</u> | <u>275,189</u> |
| Total investment return | 247,097 | 41,493 | (2,639) | 285,951 |
| Less investment return recognized in operating activities | <u>67,538</u> | <u>—</u> | <u>—</u> | <u>67,538</u> |
| Investment return recognized in nonoperating activities | <u>\$ 179,559</u> | <u>41,493</u> | <u>(2,639)</u> | <u>218,413</u> |

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(5) Fair Value of Financial Instruments

The carrying amount of the University's financial instruments, except as follows, approximates fair value because of their short maturity. The fair value of investments, deposits with bond trustees, and contributions receivable is discussed in notes 3, 6, and 9, respectively. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

At June 30, 2008 and 2007, the fair value of bonds payable, line of credit, and other long-term debt was \$263,634 and \$263,801, respectively. The estimated fair value of the University's bonds payable, line of credit, and other long-term debt is determined based on the discounted future cash payments to be made for each issue. The discount rate used approximates current market rates for loans of similar maturities and credit quality. The fair value of the Housing Company mortgage notes and accrued interest payable, as well as the faculty housing loans, approximates carrying value at December 31, 2007 and 2006.

(6) Line of Credit, Bonds Payable, and Other Long-Term Debt

(a) Yeshiva University and Related Entities (Excluding the Housing Company)

Details of line of credit, bonds payable, and other debt as of June 30, 2008 and 2007 are as follows:

| | <u>Annual rate of interest and maturity date</u> | <u>Reserve requirements</u> | <u>Amount outstanding at June 30, 2008</u> | <u>Amount outstanding at June 30, 2007</u> |
|---|--|---------------------------------|--|--|
| Bonds payable: | | | | |
| (Dormitory Authority of the State of New York): | | | | |
| Yeshiva University Insured Revenue Bonds, Series 2004 – secured by certain revenues (a) | | | | |
| | 2.590% – 5.250%; July 1, 2034 | — | \$ 97,039 | 98,777 |

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| | <u>Annual rate of interest and maturity date</u> | <u>Reserve requirements</u> | <u>Amount outstanding at June 30, 2008</u> | <u>Amount outstanding at June 30, 2007</u> |
|---|---|---|--|--|
| Yeshiva University Insured Revenue Bonds, Series 2001 – secured by certain revenues (b) | 4.000% – 5.375%; July 1, 2030 | — \$ | 55,825 | 57,510 |
| Yeshiva University Insured Revenue Bonds, Series 1998 – secured by certain revenues (c) | 4.250%; July 1, 2018 | \$2,320 – Debt Service \$750 – Building and Equipment Reserve Fund — | 19,580 | 20,940 |
| Line of credit (d) Mortgages payable (e) | Variable 4.500% – 6.500%; due on various dates through January 1, 2016 | — | 69,000 | 59,000 |
| Notes payable | 5.290% – 5.500%; due on various dates through March 31, 2029 | — | 20,241 | 20,548 |
| | | | 3,423 | 3,500 |
| Total | | | 265,108 | 260,275 |
| Less line of credit | | | <u>69,000</u> | <u>59,000</u> |
| Bonds payable and other long-term debt | | | <u>\$ 196,108</u> | <u>201,275</u> |

- (a) On July 1, 2004, the Dormitory Authority of the State of New York (DASNY) issued \$100,000 of insured revenue bonds (Series 2004 Bonds) on behalf of the University. Of this amount, \$90,000 was utilized for the construction of a biomedical facility, which houses the Michael F. Price Center for Genetic and Translational Medicine in the Harold and Muriel Block Research Pavilion (the Price/Block Center) at Einstein. The remaining \$10,000 was used for projects at the Manhattan Campuses. The Series 2004 Bonds are secured, subject to prior secured revenues, by a portion of the University's unrestricted revenues equal to the

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amount of principal and interest due in any year. Payment of principal and interest on the Series 2004 Bonds is guaranteed by Ambac Assurance Corporation. Total premiums paid at the time of issuance of the Series 2004 Bonds amounted to \$2,208 (\$1,914 and \$1,988 unamortized at June 30, 2008 and 2007, respectively).

- (b) On April 6, 2001, DASNY issued \$65,000 of Insured Revenue Bonds Series 2001 (Series 2001 Bonds) on behalf of the University. Of this amount, \$41,815 was issued to renovate existing facilities and acquire new facilities. The remaining amount of \$23,185 was issued to defease the DASNY Series 1994 Bonds. The University was released from its obligation with respect to the Series 1994 Bonds, and accordingly, the trustee assets and debt are excluded from the University's consolidated balance sheets. The Series 2001 Bonds are secured, subject to prior secured revenues, by a portion of the University's unrestricted revenues equal to the amount of principal and interest due in any year. Payment of principal and interest on the Series 2001 Bonds is guaranteed by Municipal Bond Investors Assurance Corporation.
- (c) In December 1998, to acquire and renovate certain apartments owned by the University, and renovate various facilities, DASNY issued \$30,000 of Insured Revenue Bonds Series 1998 (the Series 1998 Bonds) on behalf of the University. The Series 1998 Bonds are secured, subject to prior secured revenues, by a portion of the University's unrestricted revenues equal to the amount of principal and interest due in any year. Payment of principal and interest is guaranteed by Financial Security Assurance Inc.
- (d) In January 2007, the University entered into a line of credit with a bank for up to \$75 million in financing to acquire certain real estate. Such credit line, which is renewable annually for periods up to 1 year, expired on January 8, 2009 and was renewed through May 1, 2009. Interest on the renewed line is accrued and paid monthly and is calculated, at the discretion of the University, based upon (i) LIBOR plus 90 basis points or (ii) a negotiated rate as provided by the bank.
- (e) In January 2007, in connection with the purchase of 12 Manhattan residential apartment buildings, the University assumed outstanding mortgage debt of \$20,698. At the time of the purchase, these mortgages were owed to various banks or commercial lenders and the seller had not secured the consent of the lenders to the transfer prior to the closing. The University was willing to take title to the buildings subject to the outstanding mortgages debt, because, in the opinion of management, the risk of the banks' refusal to subsequently consent to the conveyance of any particular mortgage was remote. However, should a given lender refuse, such mortgage would either be repaid or refinanced. The largest of such lenders (71% of the aggregate mortgage indebtedness as of June 30, 2008) has stated that its consent to the mortgage assumption is contingent upon increasing the interest rates for such mortgages to 6% as of the effective transfer date of the property. The process of securing bank approval for assumption of the outstanding mortgages by the respective purchasers is expected to be consummated during the year ending June 30, 2009. The University is currently making

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payments on these mortgages and management believes that any potential liability arising from the increase in interest rates will not have a material impact on the University's financial position.

Projected debt service payments on the bonds payable and other long-term debt are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|-------------------|-------------------|----------------|
| Year ending June 30: | | | |
| 2009 | \$ 7,433 | 9,659 | 17,092 |
| 2010 | 5,494 | 9,395 | 14,889 |
| 2011 | 8,661 | 9,157 | 17,818 |
| 2012 | 6,643 | 8,743 | 15,386 |
| 2013 | 20,051 | 9,643 | 29,694 |
| Thereafter | 145,912 | 87,407 | 233,319 |
| | <u>194,194</u> | <u>\$ 134,004</u> | <u>328,198</u> |
| Add unamortized premium | 1,914 | | |
| | <u>\$ 196,108</u> | | |

See note 14 for capital lease obligations.

(b) Mortgage Notes and Accrued Interest Payable – The Housing Company

The Housing Company has outstanding a first mortgage note and a subordinated mortgage note. The Housing Company's first mortgage note was obtained in December 2004 with a principal amount of \$8,918. The note is payable monthly through February 1, 2035, with interest at the rate of 6.5% per annum. Installments of principal and interest are payable in 360 fixed monthly amounts of \$56. Prepayment of the loan shall not be permitted until December 1, 2019. The mortgage requires the Housing Company to make a monthly escrow payment to the New York City Housing Development Corporation (HDC) for, among other things, real estate taxes, water and sewer charges, fire and extended coverage, and such other insurance as may be required so that there will be sufficient money on deposit to secure payment of each such item one month before the due date of such item. The mortgage shall provide for the reserve for replacements currently held by the HDC pursuant to the original mortgage note. The reserve is increased by monthly payments in the amount of \$25 until HDC conducts its next assessment. Simultaneously, with the execution of the note, HDC issued a grant in the amount of \$1,351 that the Housing Company deposited in the reserve for replacements. The outstanding balance of the first mortgage note was \$8,609 at December 31, 2007.

The subordinated mortgage note is noninterest-bearing with a principal amount of \$35,121. The note term is 30 years and 90 days, with no monthly payments of principal and interest and a balloon payment of the entire principal on April 30, 2035 at the end of the term. The University is not obligated for this or any other debt of the Housing Company.

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Projected debt service payments on the first mortgage note are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|------------------|-----------------|---------------|
| Year ending December 31: | | | |
| 2008 | \$ 120 | 556 | 676 |
| 2009 | 128 | 548 | 676 |
| 2010 | 137 | 539 | 676 |
| 2011 | 146 | 530 | 676 |
| 2012 | 157 | 519 | 676 |
| Thereafter | <u>7,921</u> | <u>7,061</u> | <u>14,982</u> |
| | <u>\$ 8,609</u> | <u>9,753</u> | <u>18,362</u> |

(c) Funds Held by Bond Trustees – Bonds, Mortgages, and Other Debt

Deposits with trustees are primarily invested in government securities. At June 30, 2008 and 2007, the fair value of amounts held by bond trustees under these loan agreements was as follows:

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------|------------------|---------------|
| Debt service fund | \$ 11,749 | 11,772 |
| Building and equipment reserve fund | 865 | 834 |
| Unexpended construction fund | <u>6,731</u> | <u>10,346</u> |
| | <u>\$ 19,345</u> | <u>22,952</u> |

Interest expense on line of credit, bonds, and other long-term debt for the years ended June 30, 2008 and 2007, exclusive of capitalized interest costs of \$2,079 (net of capitalized interest income of \$96) in 2008 and \$2,404 (net of capitalized interest income of \$1,983) in 2007, was \$13,877 and \$11,228, respectively.

(7) Pension Plans

The University and related entities have several defined contribution pension plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund pension costs currently. There are no prior service costs under these plans. Total pension expense for the years ended June 30, 2008 and 2007 was \$19,397 and \$19,607, respectively.

(8) Transactions with Affiliated Organizations

The University acts as agent for RIETS and High Schools, providing accounting services for their receipts and disbursements and other management services at cost. Charges for such services to RIETS and High Schools in 2008 were \$4,785 (\$3,915 in 2007) and \$2,848 (\$2,316 in 2007), respectively.

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During the years ended June 30, 2008 and 2007, additional provisions were recorded in the amount of \$6,962 and \$3,878, respectively. Such provisions are reported as other nonoperating activities in the accompanying consolidated statements of activities.

(9) Receivables

(a) Contributions Receivable

Contributions receivable consist of the following at June 30, 2008 and 2007:

| | 2008 | 2007 |
|--|-------------------|----------------|
| Amounts expected to be collected in: | | |
| Less than one year | \$ 92,520 | 70,506 |
| One to five years | 57,647 | 31,707 |
| Greater than five years | 93,668 | 98,033 |
| | 243,835 | 200,246 |
| Less discount to present value (2.5% – 5.0%) | (30,411) | (33,743) |
| Less allowance for uncollectible amounts | (10,686) | (13,388) |
| | \$ 202,738 | 153,115 |

As of June 30, 2008, approximately 30% of gross contributions receivable is from one donor.

(b) Student Loans Receivable

Student loans receivable are reported net of allowances for uncollectible amounts of \$11,264 and \$11,232 at June 30, 2008 and 2007, respectively.

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(10) Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at June 30, 2008 and 2007:

| | 2008 | 2007 |
|--|-------------|-------------|
| Land | \$ 23,418 | 21,370 |
| Buildings and improvements | 896,286 | 791,903 |
| Equipment, furniture, and fixtures | 104,118 | 97,771 |
| Capitalized asbestos remediation costs (note 15) | 8,419 | 4,837 |
| Library books and microfilm collections | 4,050 | 3,932 |
| Building under capital lease | 36,150 | 36,150 |
| | 1,072,441 | 955,963 |
| Less accumulated depreciation and amortization | (348,372) | (317,762) |
| | \$ 724,069 | 638,201 |

Included in buildings and improvements are construction costs relating to the Price/Block Center totaling \$216,512 and \$188,005 as of June 30, 2008 and 2007, respectively. This building was placed into service during the year ended June 30, 2008. In addition, during December 2007, the University purchased a Manhattan residential building for approximately \$9,800.

During January 2007, the University purchased 12 Manhattan residential apartment buildings for \$42.5 million, which consisted of cash and the assumption of mortgages (see note 6). In February 2007, the University purchased an additional residential apartment building and a parking garage for approximately \$17 million.

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(11) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2008 and 2007 are available for the following purposes:

| | <u>2008</u> | <u>2007</u> |
|---------------------------------|-------------------|----------------|
| Academic chairs | \$ 792 | 839 |
| Academic support | 1,286 | 1,935 |
| Capital projects | 19,968 | 21,085 |
| Facility maintenance | 19,829 | 18,654 |
| Faculty scholars | 230 | 225 |
| Fellowships | 14,228 | 15,545 |
| Instruction and training | 64,391 | 75,666 |
| Lectureships | 1,060 | 1,320 |
| Library | 1,451 | 2,058 |
| Other | 29,789 | 19,413 |
| Pledges for use in future years | 34,018 | 23,794 |
| Prizes | 1,803 | 1,869 |
| Publications | 1,210 | 1,473 |
| Public service | 1,291 | 4,120 |
| Research | 29,394 | 7,579 |
| Student loans | 735 | 555 |
| Student scholarships | 58,452 | 69,637 |
| Total | <u>\$ 279,927</u> | <u>265,767</u> |

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(12) Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2008 and 2007 are restricted to investment in perpetuity, with investment return available to support the following activities:

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------|-------------------|----------------|
| Academic chairs | \$ 93,536 | 84,765 |
| Academic support | 2,357 | 2,357 |
| Capital projects | 3,055 | 3,055 |
| Facility maintenance | 3,218 | 3,218 |
| Faculty scholars | 6,106 | 4,955 |
| Fellowships | 20,576 | 20,092 |
| Instruction and training | 87,425 | 80,233 |
| Lectureships | 932 | 892 |
| Library | 2,601 | 2,601 |
| Other | 13,578 | 4,489 |
| Patient care | 4,878 | 4,874 |
| Pledges for use in future years | 2,646 | 1,182 |
| Prizes | 1,105 | 981 |
| Publications | 1,000 | 1,000 |
| Public service | 1,936 | 1,936 |
| Research | 60,834 | 51,690 |
| Revolving fund for special projects | 76,546 | 65,990 |
| Student loans | 45,241 | 45,174 |
| Student scholarships | 192,523 | 186,471 |
| Trusts held by others in perpetuity | 10,629 | 11,224 |
| Undesignated | 7,900 | 8,594 |
| Total | <u>\$ 638,622</u> | <u>585,773</u> |

In addition to the above permanently restricted net assets, the University's endowment includes funds functioning as endowments, and realized and unrealized gains on investments, which are classified as unrestricted and temporarily restricted net assets.

(13) Contingencies

The University is a party to various litigation and other claims arising in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses and the ultimate resolution of these matters will not have a significant effect on the University's consolidated financial position.

Amounts received and expended by the University under various federal and state grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the University's consolidated financial position.

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In August 2007, certain building and equipment on the Resnick Campus of Einstein suffered significant fire-related damage. As a result, the University incurred costs of approximately \$10,565, which consisted of asset replacements, as well as repairs, maintenance, and clean up. The University was insured for fire losses and received insurance proceeds of \$3,190 during the year ended June 30, 2008. Outstanding insurance claims approximated \$4,731 at June 30, 2008, and an additional insurance payment of \$1,100 was received subsequent to June 30, 2008. The University is currently in negotiations with its insurers for a final settlement of outstanding claims, but the additional amount, if any, to be recovered is uncertain.

(14) Leases

(a) Operating Lease – Van Etten

During 2005, Einstein entered into a 30-year noncancelable operating lease with the HHC. The lease (known as the Van Etten lease) includes clauses that allow Einstein to renew the lease for an additional 20-year period and five more renewable periods of 10 years each. The lease includes a facility and a 10-acre parcel of vacant land directly across the street from Einstein. Einstein is using this facility to support its research, clinical, and teaching activities. Also on this parcel, Einstein has constructed the Price/Block Medical Research Center for Genetic and Translational Medicine and plans to create a Center for Medical Education. Total rent expense under this lease was \$2,533 for both 2008 and 2007. Included in other liabilities on the consolidated balance sheets is a deferred rent obligation of \$9,333 and \$7,000 at June 30, 2008 and 2007, respectively, which is a result of straight-lining the total minimum lease payments over the 30-year noncancelable period. Minimum lease payments are as follows:

| | | |
|----------------------|----|--------|
| Year ending June 30: | | |
| 2009 | \$ | 200 |
| 2010 | | 3,000 |
| 2011 | | 3,000 |
| 2012 | | 3,000 |
| 2013 | | 3,000 |
| Thereafter | | 63,000 |
| | \$ | 75,200 |

(b) Operating Lease – 5.1 acres

On July 28, 2005, the New York City Council approved a memorandum of understanding (MOU) between Einstein and the HHC providing for the long-term lease of approximately 8 acres of land on the grounds of Jacobi. The rental terms under the MOU required Einstein to make minimum annual lease payments to HHC of \$1.5 million for an initial period of 30 years, plus additional options to renew for up to 70 additional years. On January 1, 2008, a revised MOU was entered into by the above parties to document their intention to enter into a long-term lease agreement for a smaller parcel, with the University leasing approximately 5.1 acres of land.

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This lease agreement, entered into on July 30, 2008 and effective January 1, 2008, contains an initial lease term of 30 years, with a maximum of six optional renewal periods of various terms ranging from 20 to 25 years.

The initial base rent is \$1,355 per annum through December 31, 2020, and increases by 12% annually through December 31, 2038 and for any renewal periods thereafter. In addition, the base rent is reduced by a base rent credit, as defined in the agreement, which commences January 1, 2015, increases annually by 7%, and continues for a 10-year period ending December 31, 2024.

Any improvements to the space by the University in excess of 440,000 square feet are subject to certain base rent escalations. In addition, beginning in 2038, the leased premises and certain improvements may be subject to appraisal and may result in changes in the base rent. Currently, there are no specific plans for development of this site, but management has earmarked the property for multiuse purposes, including housing of students and faculty.

Total rent expense under this lease was \$741 for the six months ended June 30, 2008 and \$675 under the MOU for the six months ended December 31, 2007. Included in other liabilities on the consolidated balance sheet is a deferred rent obligation of \$64 at June 30, 2008, which is a result of straight-lining the total minimum lease payments under the new lease over the initial 30-year period. Minimum lease payments are as follows:

| | | |
|----------------------|----|----------------------|
| Year ending June 30: | | |
| 2009 | \$ | 1,355 |
| 2010 | | 1,355 |
| 2011 | | 1,355 |
| 2012 | | 1,355 |
| 2013 | | 1,355 |
| Thereafter | | <u>37,032</u> |
| | \$ | <u><u>43,807</u></u> |

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(c) Capital Lease – Kennedy

During 2005, Einstein entered into a lease with the HHC for an existing facility on the Jacobi campus with an initial term of 50 years. Einstein has the right to cancel the lease after 25 years. The lease (known as the Kennedy lease) allows for Einstein to renew the lease for five additional periods of 10 years each. Included in the minimum lease payments are utility expenses of the facility for the first 7 years of the lease, and the remaining lease term has a utility credit for 2.5% of the lease payment. Einstein is using this facility to support its research, clinical, and teaching activities. The lease has been accounted for as a capital lease; and therefore, the related asset and liability have been recorded on the consolidated balance sheets. The interest rate on this capital lease obligation is approximately 4.8%. Minimum lease payments under this lease are as follows:

| | | |
|------------------------------------|----|----------|
| Year ending June 30: | | |
| 2009 | \$ | 2,600 |
| 2010 | | 3,000 |
| 2011 | | 3,000 |
| 2012 | | 3,000 |
| 2013 | | 3,000 |
| Thereafter | | 53,994 |
| | | 68,594 |
| Less: | | |
| Amounts representing interest | | (25,562) |
| Amounts representing utility costs | | (4,850) |
| | \$ | 38,182 |

(15) Asset Retirement Obligations

The University records its asset retirement obligations under the provisions of FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations – an interpretation of FASB Statement No. 143*, to address asbestos abatement in certain of its properties. A reconciliation of the beginning and ending carrying amounts of such obligations is as follows:

| | 2008 | 2007 |
|---|-------------|-------------|
| Asset retirement obligations, beginning of year | \$ 10,916 | 11,905 |
| New asset retirement obligations incurred | 3,582 | — |
| Accretion expense | 892 | 619 |
| Asset retirement obligations settled | (1,508) | (1,608) |
| Asset retirement obligations, end of year | \$ 13,882 | 10,916 |

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(16) Subsequent Event

In December 2008, Bernard Madoff, a University Trustee, was charged with criminal securities fraud by the U.S. Attorney for the Southern District of New York, and the U.S. Securities and Exchange Commission (SEC) charged Bernard Madoff and his investment firm, Bernard L. Madoff Investment Securities LLC (Madoff), with securities fraud, and violations of federal securities laws. In addition, a federal judge in New York has frozen Madoff's assets, and has appointed a trustee (the SIPA Trustee) for the liquidation of Madoff's assets pursuant to the Securities Investor Protection Act. Furthermore, although an SEC consent order against Bernard Madoff was entered into on February 9, 2009, it is not possible to determine the recoverability of any funds. Bernard Madoff has resigned from the University's Board of Trustees.

On December 12, 2008, the University received a communication from the chairman of its investment committee, J. Ezra Merkin (Merkin), also a general partner of Ascot Partners L.P. (Ascot), an investment partnership in which the University is a limited partner. That communication indicated that substantially all of the Ascot assets had been invested with Madoff. In addition, the communication indicated uncertainty about the recoverability, if any, of the Ascot assets invested with Madoff. Merkin has resigned from the University's Board of Trustees and investment committee.

The fair value of the investment in Ascot of the University, its related entities, and its unconsolidated affiliated organizations as of June 30, 2008 and 2007 as reported by Ascot amounted to \$105,102 and \$97,687, respectively, of which the University's share was approximately \$94,287 and \$88,114, respectively. For the years ended June 30, 2008 and 2007, the University's investment return includes appreciation on Ascot of \$6,173 and \$8,690, respectively.

On December 15, 2008, the University received a communication indicating that SMC Alternative Strategies Fund Ltd. (SMC-ASF), a fund of funds, in which the University is a limited partner, had exposure to Madoff through two sub-funds, Ascot and Ariel Fund, Ltd. The University's exposure to Madoff through SMC-ASF was approximately \$1,003 as of June 30, 2008.

The University has written-off its Madoff-related investments totaling \$95,290, as of June 30, 2008.

Under certain circumstances, the SIPA Trustee may be able to recover amounts from investors who received direct or indirect distributions from Madoff. Given the preliminary status of the investigation of the alleged fraud and based upon the currently available information, management cannot yet determine whether any amounts received by the University from Ascot are recoverable by the SIPA Trustee or the amount or reasonable range of potential loss in the event of such a recovery by the SIPA Trustee. Management does not believe amounts recoverable by the SIPA Trustee, if any, would be material to the University's consolidated financial statements.

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of the Project

The University agrees that, whether or not there is sufficient money available to it under the provisions of the Resolution and the Loan Agreement, the University shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the Contract Documents relating thereto. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of money available in the Construction Fund, cause the University to be reimbursed for, or pay, any costs and expenses incurred by the University which constitute Costs of the Project, provided such costs and expenses are approved by an Authorized Officer of the Authority, which approval shall not be unreasonably withheld or delayed.

(Section 5)

Project Amendment

The University, with the prior written consent of the Authority, which consent will not be unreasonably withheld, may amend the Project to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake. After the date of the Loan Agreement, the University shall not enter into, amend or modify, by change order or otherwise, any Contract Document that materially affects the scope or nature of the Project, without the prior written approval of the Authority, which approval shall not be unreasonably withheld. The University shall deliver to the Authority copies of such change orders as the Authority may from time to time request. The University shall provide such money as in the reasonable judgment of the Authority may be required for the cost of completing the Project in excess of the money in the Construction Fund, whether such money is required as a result of an increase in the scope of the Project or otherwise. Such money shall be paid to the Trustee for deposit in the Construction Fund within fifteen (15) days after receipt by the University of written notice from the Authority that such money is required.

(Section 6)

Financial Obligations

(a) Except to the extent that money is available therefor under the Resolution or the Loan Agreement, including money in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Series 2009 Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the University unconditionally agrees to pay or cause to be paid, to or upon the order of the Authority, from its general funds or any other money legally available to it:

(i) On or before the date of delivery of the Series 2009 Bonds the Authority Fee agreed to by the Authority and the University in connection with issuance of the Series 2009 Bonds;

(ii) On or before the date of delivery of the Series 2009 Bonds, such amount, if any, as is required, in addition to the proceeds of the Series 2009 Bonds available therefor, to pay the Costs of Issuance of the Series 2009 Bonds, and other costs in connection with the issuance of the Series 2009 Bonds;

(iii) On February 10, 2010, and on each August 10th and February 10th thereafter, the interest coming due on the Series 2009 Bonds on the next succeeding interest payment therefor;

(iv) On August 10, 2010, and on each August 10th thereafter, the principal and Sinking Fund Installments coming due on the next succeeding September 1st;

(v) Unless the redemption of Series 2009 Bonds at the option of the Authority or any purchase thereof in lieu of optional redemption (at the election of the University with the written consent of the Authority) is subject to the condition that sufficient money is available on the redemption date or the purchase date, on or prior to the date any notice of optional redemption or purchase in lieu of optional redemption (at the election of the University with the written consent of the Authority) is given, the Redemption Price or purchase price of the Series 2009 Bonds previously called for redemption or to be purchased;

(vi) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year;

(vii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to Section 9 of the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 2009 Bonds or the financing or construction of the Project, including, but not limited to, costs and expenses of insurance and auditing, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the University of all the provisions of the Loan Agreement in accordance with the terms thereof, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution and the Series Resolution;

(viii) Promptly upon demand by the Authority (a copy of which demand shall be furnished to the Trustee), all amounts required to be paid by the University as a result of an acceleration pursuant to the loan Agreement;

(ix) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund or otherwise available therefor for the payment of any rebate required by the Code to be made and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Series 2009 Bonds; and

(x) To the extent not otherwise set forth in the Loan Agreement, including without limitation, in the event of any insufficiency, any amounts necessary to pay the principal, Sinking Fund Installment, or Redemption Price, if any, of, and interest on, the Bonds, on the dates, in the amounts, at the times and in the manner provided in or pursuant to the Resolution and the Series Resolution, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the University shall receive a credit against the amount required to be paid by the University during a Bond Year pursuant to the provisions of the Loan Agreement summarized in paragraph (a)(iv) above on account of a Sinking Fund Installment if, prior to the date notice of redemption is given for the redemption of the Series 2009 Bonds to be redeemed through such Sinking Fund Installment payable prior to the succeeding September 1, the University delivers to the Trustee for cancellation one or more Series 2009 Bonds to be so redeemed on such September 1. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority pursuant to the Loan Agreement directs the University, and the University agrees, to make (1) the payments required by the provisions of the Loan Agreement summarized in this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(viii), and (a)(x) directly to the Trustee for deposit in the Debt Service Fund and application in accordance with the Resolution; (ii) the payments required by paragraph (a)(v) directly to the Trustee for payment of the Redemption Price or purchase price of Bonds called for optional redemption or purchase in lieu of optional redemption; (iii) the payments required by paragraphs (a)(ii) directly to the Trustee for deposit in the Construction Fund or other fund or account established under the Resolution, as directed by the Authority; (iv) except as otherwise provided by the Loan Agreement, the payments required by paragraphs (a)(vii), directly to the Trustee for application in accordance with the Resolution, (v) the payments required by paragraphs (a)(ix), directly to the Trustee for deposit in the Arbitrage Rebate Fund, and (vi) the payments required by paragraph (a)(i) and (a)(vi) directly to the Authority.

(b) Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this paragraph), (1) all money paid by the University to the Trustee pursuant to the Loan Agreement (other than money received by the Trustee pursuant to the Resolution which will be retained and applied by the Trustee for its own account) will be received by the Trustee as agent for the Authority in satisfaction of the University's indebtedness to the Authority with respect to the interest on and principal or Redemption Price of the Series 2009 Bonds to the extent of such payments are applied to the payment of the principal or Redemption Price of or interest on the Bonds; and (2) the transfer by the Trustee of any money (other than money summarized above held by it in the Construction Fund to the Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the University of a payment in satisfaction of the University's indebtedness to the Authority with respect to the Redemption Price of the Series 2009 Bonds to the extent of the amount of money transferred. Immediately after receipt or transfer of such money, as the case may be, by the Trustee, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution and the Series Resolution for the sole and exclusive benefit of the Bondholders, regardless of the actual due date or applicable payment date of any payment to the Holders of the Series 2009 Bonds, except in respect to the payment to the University by the Trustee as provided for in the Resolution.

(c) The obligations of the University to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the University may otherwise have against the Authority, the Trustee or any Holder of a Series 2009 Bond for any cause whatsoever including, without limiting the generality of the foregoing, failure of the University to complete the Project or the completion thereof with defects, failure of the University to occupy or use the Project, any declaration or finding that the Series 2009 Bonds are or the Resolution or the Series Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; **provided, however**, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the University may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the University for, or to pay, the Costs of the Project beyond the extent of money in the Construction Fund.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general obligations of the University.

(d) The Authority, for the convenience of the University, shall furnish to the University statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. The failure to furnish such statements shall not excuse non-payment of the amounts payable under the Loan Agreement at the time and in the manner provided by the Loan Agreement. The University shall notify the Authority as to the amount and date of each payment made to the Trustee by the University.

(e) The Authority shall have the right in its sole discretion to make on behalf of the University any payment required pursuant to the provisions of the Loan Agreement summarized herein which has not been made by

the University when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the provisions of the Loan Agreement summarized under the heading “**Defaults and Remedies**” below arising out of the University’s failure to make such payment and no payment by the Authority shall be construed to be a waiver of any such right or of the obligation of the University to make such payment.

(f) The University, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in accordance with the directions of the Authority in the Debt Service Fund or held by the Trustee for the payment of Series 2009 Bonds in accordance with the Resolution. Upon any voluntary payment by the University or any deposit in the Debt Service Fund made pursuant to the provisions of the Loan Agreement, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; **provided, however**, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution or the Series Resolution, and to purchase or redeem all Series 2009 Bonds then Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the University, to direct the Trustee to purchase or redeem all Series 2009 Bonds Outstanding, or to cause all Series 2009 Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) As soon as practicable after the Project is deemed to be complete in accordance with the Loan Agreement, the Authority shall determine, and notify the University of, the actual Authority Fee incurred by the University in connection with the Project to the date of such notice. The balance, if any, of such Authority Fee then unpaid, to the extent not paid from the Construction Fund, shall be paid by the University pursuant to the Loan Agreement. If upon such determination the actual amount of the Authority Fee incurred by the University in connection with the Project to the date of such notice is less than the amount paid theretofore, the Authority shall promptly refund to the University the amount paid in excess of such actual amount.

(Section 9)

Additional Representations and Covenants

The University warrants and represents that: (i) it has the requisite power and authority to enter into and perform its obligations under the Loan Agreement and to incur the indebtedness thereunder in the manner and to the extent provided therein and in the Resolution and the Series Resolution; (ii) the Loan Agreement is a valid, binding and legal obligation of the University enforceable against the University in accordance with its terms; provided, however, that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity; and (iii) the execution and delivery of the Loan Agreement, the consummation of the transactions contemplated thereby and compliance with the provisions thereof do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the charter or by-laws of the University or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the University is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the University or any of its properties.

(Section 14(b))

Tax-Exempt Status

The University represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a “private foundation,” as such term is defined under Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated

business income tax. The University covenants that: (a) it shall not perform any act or enter into any agreement which will adversely affect such federal income tax status and will conduct its operations in the manner which will conform to the standards necessary to qualify the University as an educational organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in any manner, or for any trade or business or other non-exempt use unrelated to the purposes of the University, which could adversely affect the exclusion of interest on the Series 2009 Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 15)

Securities Acts Status

The University represents that: it is an organization organized and operated (i) exclusively for educational, benevolent or charitable purposes, (ii) not for pecuniary profit, and (iii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The University agrees that it shall not perform any act or enter into any agreement which shall adversely affect such status as set forth in the Loan Agreement.

(Section 16)

Maintenance of Corporate Existence

The University covenants that it will (i) maintain its corporate existence, (ii) continue to operate as a non-profit educational organization, (iii) obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, (iv) except as expressly permitted by the Loan Agreement, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or entity or permit one or more persons or entities to consolidate with or merge into it. The University, with the prior written consent of the Authority, may (A) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies as an organization described in Section 501(c)(3) of the Code, or any successor provision of federal income tax law, (B) permit one or more corporations or any other organization to consolidate with or merge into it, or (C) acquire all or substantially all of the assets of one or more corporations or other organizations.

Notwithstanding the foregoing provisions, no disposition, transfer, consolidation or merger otherwise permitted by the Loan Agreement shall be permitted unless (i) the same would not in the opinion of Bond Counsel adversely affect the exclusion of interest on any Series 2009 Bond from gross income for purposes of federal income taxation; (ii) the transaction does not result in a conflict, breach or default of the University's representation as to its corporate organization, authorization and powers referred to in the Loan Agreement and in the Resolution; (iii) the University will not as a result thereof be in default under the Loan Agreement; (iv) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and is qualified as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (v) the surviving, resulting or transferee corporation of the University (a) assumes in writing all of the obligations of the University under the Loan Agreement and furnishes to the Authority such certificates and documents as the Authority may reasonably require to establish compliance with the Loan Agreement and (b) executes, delivers, registers, records and files such other instruments as the Authority and the Trustee may reasonably require to confirm, perfect or maintain the security granted under the Loan Agreement and the Resolution.

(Section 17)

Environmental Review and Historic Preservation

For the purpose of assisting the Authority in making any findings or determinations which might be required by (i) Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereunder (collectively, "SEQR") or (ii) the New York State Historic Preservation Act of 1980 and the regulations

promulgated thereunder (collectively the “Preservation Act”), the University agrees to abide by the requirements relating thereto as set forth in the Loan Agreement.

(Section 18)

Use, Control and Sale of the Project

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the University shall have sole and exclusive control and possession of and responsibility for the Project, the supervision of the activities conducted therein or in connection with any part thereof, the maintenance, repair and replacement of the Project; **provided, however**, that, except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit the use of the Project by persons other than the University, if, in the opinion of Bond Counsel, such use will not cause interest on the Series 2009 Bonds for purposes of federal income taxation.

(Section 19)

Restrictions on Religious Use

The University agrees that with respect to the Project or portion thereof, so long as the Project or portion thereof exists and unless and until the Project or portion thereof is sold for the fair market value thereof, the Project or any portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; **provided, however**, that the foregoing restriction shall not prohibit the free exercise of any religion; and **provided, further**, that if at any time after the date of the Loan Agreement, in the opinion of Bond Counsel, the then applicable law would permit the Project or a portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to the Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion of real property thereof financed by Series 2009 Bonds is being used for any purpose proscribed by the Loan Agreement. The University further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of the Project to the restriction that (i) so long as such portion of the Project (and, if included in the Project, the real property on or in which such portion of the Project is situated) shall exist and (ii) until such portion of the Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of the Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or, if included in the Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of the Loan Agreement an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Section 20)

Maintenance, Repair and Replacement

The University agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, reasonable wear and tear excepted, and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted. The University further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Project

except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 21)

Covenant as to Insurance

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

(b) The University shall furnish to the Authority annually (1) a certificate or report of an Insurance Consultant that the insurance coverage maintained by the University is in accordance with the standards above, and (2) any certificates of workers' compensation insurance and disability benefits insurance coverage required by the New York State Workers' Compensation Board.

(c) If the Authority shall so request in writing, the University shall provide to the Authority summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

(Section 22)

Damage or Condemnation

In the event of a taking of the Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project, then and in such event proceeds of any insurance, condemnation or eminent domain award shall, if in excess of \$250,000, be paid upon receipt thereof by the University or the Authority to the Trustee for deposit in the Construction Fund established in connection with the Project, and

(i) if within one hundred twenty (120) days from the receipt by the Authority of actual notice or knowledge of the occurrence, the University and the Authority agree in writing that the Project or the affected portion thereof shall be repaired, replaced or restored, the University shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as commercially possible with such changes and additions as shall be appropriate to the needs of the University and approved in writing by the Authority, such approval not to be unreasonably withheld or delayed. The funds required for such repair, replacement or restoration shall be paid, from time to time as the work progresses, subject to such conditions and limitations as the Authority may reasonably impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the University; or

(ii) If no agreement for the repair, restoration or replacement of the Project or the affected portion thereof shall be reached by the Authority and the University within such one hundred twenty (120) day period, the proceeds then held by the University shall be paid to the Trustee for deposit to the Debt Service Fund and the proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Series 2009 Bonds.

(Section 23)

Taxes and Assessments

The University shall pay when due without penalty at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Project or any part thereof, and upon all ordinary costs of operating, maintaining, renovating, repairing and replacing the Project and its equipment. The University shall file exemption certificates as required by law. The University agrees to exhibit to the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; **provided, however**, that the good faith contest of such impositions shall be deemed to be complete compliance with the requirements of the Loan Agreement if the University sets aside such reserves as may be required by good accounting practices. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the University, may pay (such payment shall be made under protest if so requested by the University) any such charges, taxes and assessments if, in the reasonable judgment of the Authority, the Project or any part thereof would be in substantial danger by reason of the University's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, Lien, charge, fee or penalty that would impair: (i) the interests or security of the Authority under the Loan Agreement, under the Series Resolution or under the Resolution; (ii) the ability of the Authority to enforce its rights thereunder; (iii) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement, under the Series Resolution or under the Resolution; or (iv) the ability of the University to fulfill the terms of the covenants or perform any of its obligations under the Loan Agreement or under the Resolution or the Series Resolution. The University agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 24)

Defaults and Remedies

- (a) As used in the Loan Agreement the term “**Event of Default**” shall mean:
- (i) the University shall default in the timely payment of any amount payable pursuant to the Loan Agreement or the payment of any other amounts required to be delivered or paid by the University in accordance with the Loan Agreement, the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days;
 - (ii) the University defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the University by the Authority or the Trustee or, if such default is not capable of being cured within thirty (30) days, the University fails to commence to cure the same within such thirty (30) days or to diligently prosecute the cure thereof;
 - (iii) as a result of any default in payment or performance required of the University under the Loan Agreement or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Series 2009 Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;
 - (iv) the University shall (A) be generally not paying its debts as they become due, (B) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (C) make a general assignment for the benefit of its creditors, (D) consent to the appointment of a

custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (E) be adjudicated insolvent or be liquidated or (F) take corporate action for the purpose of any of the foregoing;

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

(vi) the charter of the University shall be suspended or revoked;

(vii) a petition to dissolve the University shall be filed by the University with the Board of Regents of the State of New York, the legislature of the State or other governmental authority having jurisdiction over the University;

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

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

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

(xi) a final judgment for the payment of money, at least one million dollars (\$1,000,000) of which is not covered by insurance or reserves set aside by the University, which in the judgment of the Authority will adversely affect the rights of the Holders of the Series 2009 Bonds shall be rendered against the University and at any time after forty-five (45) days from the entry thereof, (A) such judgment shall not have been discharged or paid, or (B) the University shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty-five (45) days, the execution of or levy under such judgment, order, decree or process for the enforcement thereof to have been stayed pending determination of such appeal.

(b) Upon the occurrence of an Event of Default the Authority may take any one or more of the following actions:

(i) declare all sums payable by the University under the Loan Agreement immediately due and payable;

(ii) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Series 2009 Bonds or the Construction Fund or otherwise to which the University may otherwise be entitled under the Loan Agreement and in the

Authority's sole discretion apply any such proceeds or money for such purposes as are authorized by the Resolution and the Series Resolution;

(iii) withhold any or all further performance under the Loan Agreement;

(iv) maintain an action against the University under the Loan Agreement to recover any sums payable by the University or to require its compliance with the terms of the Loan Agreement; and

(v) to the extent permitted by law, (A) enter upon the Project and complete the construction of the Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the University, consent to such entry being by the Loan Agreement given by the University, (B) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the University and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (C) assume any construction contract made by the University in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the University, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions summarized in this subparagraph (v), (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of the Project, (2) pay, settle or compromise all bills or claims which may become Liens against the Project or against any money of the Authority applicable to the construction of such Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of Liens or defects in the title to the Project or against any money of the Authority applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The University shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions summarized in this subparagraph (v) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the University to the Authority upon demand. The University irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the University for the purpose of exercising the rights granted to the Authority by provisions summarized in this subparagraph (v) during the term of the Loan Agreement;

(c) All rights and remedies in the Loan Agreement given or granted to the Authority are, to the extent permitted by law, cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Authority's right to exercise such remedy thereafter.

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

(Section 28)

Investment of Money

The University acknowledges that the Authority may in its sole discretion direct the investment of money held in the funds and accounts established by or pursuant to the Resolution or the Series Resolution as provided therein and that no representation or warranty has been made by the Authority with respect to interest rates on, or the

amount to be earned as a result of, any such investment. Neither the Authority nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution summarized in Appendix D under the heading “**Security for Deposits and Investment of Funds**” in the manner provided therein, for any depreciation in value of any investment or for any loss, direct or indirect, resulting from any such investment. The Authority agrees that it shall direct the investment of the money held in the funds and accounts established in connection with the Series 2009 Bonds as soon as practicable when money is legally available therefor.

(Section 30)

Limitation on Agreements

The University shall not enter into any contract or agreement or perform any act which may materially adversely affect any of the rights of the Authority under the Loan Agreement or of the Holders of any of the Series 2009 Bonds.

(Section 32)

Arbitrage; Tax Exemption

Each of the University and the Authority covenants that it shall take no action, nor shall it approve the Trustee’s taking any action or making any investment or use of the proceeds of the Series 2009 Bonds, which would cause the Series 2009 Bonds or any Series of Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Series 2009 Bonds at the time of such action, investment or use or otherwise cause interest on the Series 2009 Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation. Neither the University nor any “related person” (as such term is defined in Section 148 of the Code) shall purchase Series 2009 Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the University or by a related person of Series 2009 Bonds will not cause interest on the Series 2009 Bonds to be included in the gross income of the owners of the Series 2009 Bonds for purposes of federal income taxation.

The University covenants that it will not take any action or fail to take any action which would cause any representation or warranty of the University contained in a Tax Certificate then to be untrue and shall comply with all covenants and agreements of the University contained in each Tax Certificate, unless, in the opinion of Bond Counsel, taking or failing to take such action or failing to comply with its obligations under a Tax Certificate would not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

In the event that the Authority is notified in writing that the Series 2009 Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the University. In the event that the University is notified in writing that the Series 2009 Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Authority. Upon the occurrence of such an event, the University and the Authority shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto.

The Authority has undertaken full responsibility for performing rebate calculations that may be required to be made from time to time with respect to the Bonds. Upon request, the University covenants that it will provide such information as the Authority deems necessary to calculate the yield on the Bonds and any other information as may be necessary to prepare the rebate calculation to the Authority or an entity which the Authority has designated no less than once a year measured from the date of issuance of the Bonds. The University shall be obligated to pay the costs in connection therewith in accordance with the Loan Agreement. The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of excess earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the

University and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the University, the Authority will as soon as practicable provide the University with a copy of any such document, report or computation. The Authority will also provide the University with a copy of all documents or reports filed with the Department of Treasury of the United States of America relating to the rebate of earnings.

(Section 33)

Certificate as to Representations and Warranties

The obligations of the Authority under the Loan Agreement and the delivery of the Series 2009 Bonds are conditioned upon the receipt by the Authority at or prior to delivery of the Series 2009 Bonds of a certificate of an Authorized Officer of the University acceptable to the Authority to the effect that the representations and warranties contained in the Loan Agreement are true and correct and in full force and effect on and as of the date of delivery of the Series 2009 Bonds as if made on the date of delivery of the Series 2009 Bonds.

(Section 34)

Further Assurances

The University, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as are necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the Authority's or the Trustee's rights under the Loan Agreement, and the interest of either of them in any other money, securities, funds and security interests created by the Loan Agreement or by the Resolution or Series Resolution or that by any of the same are pledged, assigned or granted, or intended so to be, or which the University may after the date of the Loan Agreement become bound to pledge, assign or grant to the Authority pursuant to the Loan Agreement.

(Section 37)

Amendments to Loan Agreement

The Loan Agreement may be amended only in accordance with the Resolution and each amendment shall be made by an instrument in writing signed by an Authorized Officer of the University and the Authority, an executed counterpart of which shall be filed with the Trustee.

(Section 38)

Termination

The Loan Agreement shall remain in full force and effect until no Series 2009 Bonds are Outstanding and all other payments, expenses and fees payable under the Loan Agreement by the University shall have been paid or provision for the payment thereof have been made to the satisfaction of the Authority; ***provided, however,*** that the obligation of the University to indemnify the Authority under the Loan Agreement shall survive termination of the Loan Agreement. Upon termination of the Loan Agreement the Authority shall promptly deliver such documents as may be reasonably requested by the University to evidence such termination and the discharge of the University's duties under the Loan Agreement.

(Section 39)

**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Assignment of Certain Rights and Remedies

(a) As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of a Series and for the performance of each other obligation of the Authority under the Resolution with respect to such Series, the Authority may grant, pledge and assign to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the related Loan Agreement and the Collateral Security for such Loan Agreement, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement and Collateral Security, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance herewith) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Loan Agreement, including without limitation the right to declare the indebtedness under such Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon such Collateral Security, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Bondholders, and to perform all other necessary and appropriate acts under such Loan Agreement, subject to the following conditions: (i) the Bonds of each Series shall be separately secured one from another by the Loan Agreement entered into in connection with a particular Series of Bonds, the Revenues derived from such Loan Agreement, and the Collateral Security given to secure the University's obligations under such Loan Agreement, and only the Bonds of the Series in connection with which such Loan Agreement was entered into shall be secured by such Loan Agreement; (ii) that the Holders of the Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority; and (iii) that, unless and until the Trustee, in its discretion exercised following an "Event of Default" under a Loan Agreement that is continuing, so elects, by an instrument in writing delivered to the Authority and the University (and then only to the extent that the Trustee so elects), the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in such Loan Agreement securing such Loan Agreement to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision), the Authority, however, to remain liable to observe and perform all the conditions and covenants, in each Loan Agreement, provided to be observed and performed by it.

Upon the happening of an "event of default" as defined in the Resolution with respect to a Series of Bonds, other than an event of default specified in the Resolution, the Authority shall assign to the Trustee for the benefit of the Holders of the Bonds of such Series all of its right, title and interest in and to the right of the Authority under the related Loan Agreement and Collateral Security to exercise any of the remedies provided thereby for the

enforcement of the obligations of the University to make the payments thereunder, including the right to declare the indebtedness thereunder immediately due and payable.

Upon any assignment made pursuant to the Resolution, the Authority may retain the right to the payment of the fees, costs and expenses of the Authority payable pursuant to such Loan Agreement, the right to the indemnities provided thereby, the right to the payments, if any, required to be made pursuant to such indemnities and the right to exercise any of the remedies available thereunder for the enforcement of the obligations of the University the rights to which have been retained by the Authority. Such assignment shall be made by the execution and delivery to the Trustee of documents of assignment in form and substance reasonably acceptable to the Trustee.

Any grant, pledge or assignment made pursuant to the Resolution shall be evidenced by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority as soon as practicable after a Loan Agreement is entered into or security interest is made or given. The Trustee shall accept such grant, pledge and assignment which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee in form and substance reasonably satisfactory to the Authority.

(b) If applicable, at or prior to the initial issuance and delivery of a Series of Bonds, upon delivery to the Trustee of evidence in writing from Authorized Officers of the Authority and the applicable creditors of the University with respect to such Series of Bonds to the effect that the Intercreditor Agreement among the Authority, such creditor(s) and the Trustee is in form and substance satisfactory to them (which may be evidenced by the execution thereof by the Authority and such creditor(s)), an Authorized Officer of the Trustee shall, upon determination by the Trustee that such Intercreditor Agreement is in form and substance satisfactory to it (which determination by the Trustee shall not be unreasonably withheld or delayed), execute and deliver to the Authority and such creditor(s) such Intercreditor Agreement. In addition, an Authorized Officer of the Trustee shall execute and deliver to the Authority and such creditor(s) such amendments to or supplements of such Intercreditor Agreement as may be requested by an Authorized Officer of the Authority.

(Section 1.04)

Refunding Bonds

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds, one or more Series of Outstanding Bonds, a portion of a Series of Outstanding Bonds or a portion of a maturity of a Series of Outstanding Bonds. The Authority may issue Refunding Bonds in an aggregate principal amount sufficient, together with other money available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Resolution and of the Series Resolution authorizing such Series of Refunding Bonds.

The Refunding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Resolution) of:

(a) If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to duly give the notice provided for in the defeasance provisions of the Resolution to the Holders of the Bonds being refunded;

(c) Either (i) money in an amount sufficient to effect payment of the principal at maturity or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee in a separate fund or account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Resolution, which Defeasance Securities and money shall be held in trust and used only as provided in the defeasance provisions of the Resolution; and

(d) A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements summarized herein.

The proceeds, including accrued interest, of Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or as determined in accordance with the Series Resolution authorizing such Refunding Bonds or the Bond Series Certificate relating to such Series of Refunding Bonds.

(Section 2.04)

Additional Obligations

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

(Section 2.05)

Redemption and Purchase of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds other than as summarized in the following paragraph, the Authority shall give written notice to the Trustee of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee at least sixty (60) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that Available Money for payment of the Redemption Price is available on the redemption date such notice shall not be given unless prior to the date such notice is given the Trustee then holds for payment of the Redemption Price Available Money sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed. For purposes of determining the amount required to be paid pursuant to the preceding sentence when Variable Interest Rate Bonds are to be redeemed, it shall be assumed that for any period for which the rate at which such Bonds will bear interest is unknown such Bonds bear interest at the Maximum Rate established therefore by the Series Resolution authorizing such Bonds or the Bond Series Certificate applicable thereto.

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

Whenever by the terms of the Resolution the Trustee is required to redeem Bonds through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of the Series and maturities to be redeemed in the manner provided in the Resolution, give the notice of redemption and pay out Available Money for the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, in accordance with the terms of the Resolution.

(Section 4.03)

Selection of Bonds to Be Redeemed

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

For purposes of the Resolution, the lowest denomination in which a Capital Appreciation Bond is authorized to be issued shall be the lowest Accreted Value authorized to be due at maturity on such Bonds and the lowest denomination in which a Deferred Income Bond is authorized to be issued shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Bonds.

(Section 4.04)

Notice of Redemption

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) the principal amount of each Bond to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that, except in the case of Book-Entry Bonds, such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption and (ix) if the Authority's obligation to redeem the Bonds is subject to conditions, a statement that describes the condition to such redemption. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue.

Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Resolution. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Resolution. The failure of any Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds. If directed in writing by an Authorized Officer of the Authority, the Trustee shall also give such notice by publication thereof once in an Authorized Newspaper, such publication to be not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date; ***provided, however***, that such publication shall not be a condition precedent to such redemption, and failure to so publish any such notice or a defect in such notice or in the publication thereof shall not affect the validity of the proceedings for the redemption of the Bonds.

(Section 4.05)

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bonds are surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, Available Money for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If Available Money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Purchase of Purchased Bonds

Whenever Bonds are to be purchased at the election of the University, written notice thereof and of the Bonds of the Series and maturity to be so purchased having been given by the University to the Authority, the Trustee, and each applicable provider of a Letter of Credit or financial guaranty insurance policy, the Trustee shall select the particular Bonds of such Series and maturity to be so purchased in the same manner as provided in the Resolution for the selection of Bonds to be redeemed in part. Promptly thereafter the Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in the Series Resolution authorizing such Bonds or

the Bond Series Certificate related thereto. The Trustee shall not give such notice unless prior to the date such notice is given, the University has caused to be delivered to the Trustee the written consent to such purchase of the Authority and each applicable provider of a Letter of Credit or financial guaranty insurance policy. All such purchases may be subject to conditions of the Authority, the Trustee and any provider of a Letter of Credit or financial guaranty insurance policy to the University's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required by the Series Resolution authorizing the Bonds to be so purchased or the Bond Series Certificate relating thereto, then, if sufficient money to pay the purchase price of such Bonds is held by the Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such Bonds (other than Book Entry Bonds) to be purchased at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. Payment of the purchase price of other than Book Entry Bonds shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be so purchased, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has prior to the purchase date directed in writing the Trustee to wire such purchase price. Bonds so purchased shall be considered to be Outstanding and each such Bond so purchased that is not a Book Entry Bond shall be registered in the name or at the direction of the University.

(Section 4.07)

Pledge of Revenues; Funds and Accounts; Revenues and Application Thereof

Pledge of Revenues

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

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

(Section 5.01)

Establishment of Funds and Accounts

Each Series Resolution shall establish or delegate the establishment of the following funds and accounts, which shall be for the sole benefit of and solely secure the Series of Bonds authorized by such Series Resolution:

Construction Fund:
Project Account;
Capitalized Interest Account; and
Cost of Issuance Account; and
Debt Service Fund.

In addition to the funds and accounts required to be established by or pursuant to each Series Resolution, there is by the Resolution established an Arbitrage Rebate Fund to be held by the Trustee as custodian for the Authority, which fund is not pledged to the payment of any Bonds. The Authority is authorized under the Resolution in connection with the issuance of a Series of Bonds to establish such other funds, accounts and subaccounts in connection with such Series of Bonds as the Authority or the Trustee deems proper, necessary or desirable, including but not limited to a Debt Service Reserve Fund.

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

(Section 5.02)

Application of Money in the Construction Fund

As soon as practicable after the delivery of a Series of Bonds, the Trustee shall deposit in the Construction Fund established in connection with such Series of Bonds the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority shall pay over to the Trustee and the Trustee shall deposit in such Construction Fund any money paid to the Authority pursuant to the Resolution and all amounts paid by the University which by the terms of the Loan Agreement executed in connection with such Series of Bonds are required to be deposited therein.

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

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for the Costs of the Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, substantiated by a certificate filed with the Authority signed by an Authorized Officer of the University identifying the Project, and describing in reasonable detail the purpose for which money was used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of the Project, except that payments to pay interest on Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the applicable Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the University with respect to the Project for which the Construction Fund was established shall be deposited in the Construction Fund and, if necessary, such fund may be re-established for such purpose.

The Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the University, which certificate shall be delivered as soon as practicable after the date of completion of the Project, or upon delivery to the University and the Trustee of a certificate signed by an Authorized Officer of the Authority which certificate may be delivered at any time after completion of the Project. Any such certificate shall state that the Project has been completed substantially in accordance with the plans and specifications, if any, applicable to the Project and that the Project is ready for occupancy or use, and, in the case of a certificate of an Authorized Officer of the University, shall specify the date of completion.

Upon receipt by the Trustee of a certificate relating to the completion of the Project, the money, if any, then remaining in the Construction Fund, after making provision in accordance with the direction of an Authorized Officer of the Authority for the payment of any Costs of Issuance and Costs of the Project then unpaid, shall be paid or applied by the Trustee as follows and in the following order of priority:

First: Upon the direction of an Authorized Officer of the Authority, to the Arbitrage Rebate Fund, the amount set forth in such direction; and

Second: To the related Debt Service Fund, to be applied in accordance with the Resolution, any balance remaining.

(Section 5.04)

Deposit and Allocation of Revenues

The Revenues and any other money, which, by any of the provisions of a Loan Agreement, are required to be paid to the Trustee, shall upon receipt thereof be deposited or paid by the Trustee as follows and in the following order of priority:

First: To the applicable Debt Service Fund: (i) in the case of Revenues received during the first six months of each Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on the Outstanding Bonds of the Series for which such Debt Service Fund was established payable subsequent to the first day of such Bond Year and on and prior to the first day of the second half of the Bonds Year, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum; (b) one-half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond Year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the first day of the second half of the Bond Year, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to: (a) the interest on and the principal and Sinking Fund Installments of the Outstanding Bonds of such Series payable subsequent to the first day of the second half of the Bond Year and on and prior to the first day of the next succeeding Bond Year, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum; (b) one-half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond Year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the first day of the next succeeding Bond Year, plus accrued interest thereon to the date of purchase or redemption;

Second: Upon the direction of an Authorized Officer of the Authority, to the Arbitrage Rebate Fund the amount set forth in such direction; and

Third: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreements in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Third.

The Trustee shall, promptly after making the above required payments, notify the Authority and the University of any balance of Revenues remaining on the first day of the next succeeding Bond Year. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the University, in the respective amounts set forth in such direction. Any amounts paid to the University shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Series Resolution or the applicable Loan Agreement.

(Section 5.05)

Debt Service Fund

(a) The Trustee shall pay out of the Debt Service Fund established in connection with Bonds of a Series other than Letter of Credit Secured Bonds, when due:

- (i) the interest due and payable on the Outstanding Bonds of such Series;
- (ii) the principal due and payable on the Outstanding Bonds of such Series; and
- (iii) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on the Outstanding Bonds of such Series.

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

(Section 5.06)

Arbitrage Rebate Fund

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

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

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

(Section 5.07)

Application of Money in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the Available Money held in the Debt Service Fund established in connection with a Series of Bonds for the payment of the principal and Sinking Fund Installments of the Bonds of such Series, together with the Available Money held in the Debt Service Reserve Fund established for such Bonds, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of such Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of such Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the University. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Bonds in the manner provided for redemption of such Bonds by the Resolution and by each Series Resolution as provided in the redemption provisions of the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of such Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

Transfer of Investments

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

(Section 5.09)

Security for Deposits and Investment of Funds

Security for Deposits

All money held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority and the Holders of the Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; **provided, however**, (a) that if the securing of such money is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee to give security for the deposit of any money with them pursuant to the debt service fund provisions or the defeasance provisions of the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such money.

(Section 6.01)

Investment of Funds and Accounts

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

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

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

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

(e) Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in the Resolution and summarized in this section. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the University in writing, on or before the

fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of the Resolution summarized in paragraphs (a), (b) and (c) above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

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

(Section 6.02)

Particular Covenants

Payment of Principal and Interest

The Authority shall pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the date and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof.

(Section 7.01)

Further Assurance

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

(Section 7.04)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, including but not limited to the objects and purposes for which proceeds of the Bonds were expended and the respective amounts expended for such objects and purposes. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the University, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, each Liquidity Facility Provider and the University. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the Authority’s transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution with respect to the Shared Collateral or the Revenues, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of the Bonds, the Revenues, the Collateral Security and the funds and accounts established by the Resolution or pursuant to any Series Resolution; *provided, however*, that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations or otherwise incurring indebtedness under another and separate resolution or otherwise so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created pursuant to the Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

The Authority shall take all legally available action to cause the University to perform fully all duties and acts and comply fully with the covenants of the University required by a Loan Agreement in the manner and at the times provided in such Loan Agreement; *provided, however*, that the Authority may (i) delay, defer or waive enforcement of one or more provisions of the Loan Agreement (other than provisions requiring the payment of money or the delivery of securities to the Trustee for deposit to any fund or account established under the Resolution) if the Authority determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds and (ii) at any time prior to the occurrence of an event of default under the Resolution, annul any declaration that the indebtedness under the Loan Agreement is immediately due and payable and, if prior to the entry of a final judgment or decree in any action or proceeding instituted on account of an event of default under the Loan Agreement, discontinue such action or proceeding if the University shall have cured each event of default under the Loan Agreement.

(Section 7.07)

Deposit of Certain Money in the Construction Fund

In addition to the proceeds of Bonds to be deposited in the Construction Fund, any money paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of any Project, including the proceeds of any insurance or condemnation award to be so applied, shall be deposited in the Construction Fund.

(Section 7.08)

Offices for Payment and Registration of Bonds

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

(Section 7.09)

Amendment of Loan Agreement

Each Loan Agreement may, without the consent of the Holders of Bonds, be amended, changed, modified, altered or supplemented for any one or more purposes: (i) to add an additional covenant or agreement for the purpose of further securing the payment of the University's obligations under the Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the University contained in the Loan Agreement; (ii) to prescribe further limitations and restrictions upon the University's right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (iii) to surrender any right, power or privilege reserved to or conferred upon the University, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the University contained in the Loan Agreement; (iv) to make changes necessary or appropriate in connection with the acquisition,

construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any Project, to amend the description of any Project or to add an additional Project; (v) to establish, amend or modify the Authority Fee or the Annual Administrative Fee payable by the University in connection with the Bonds of a Series; or (vi) with the prior written consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement or to amend, modify or waive any other provision of the Loan Agreement, provided that the same does not adversely affect the interests of the Bondholders in any material respect.

Notwithstanding the provisions summarized above, the Loan Agreement relating to a Series of Bonds may not be amended, changed, modified, altered or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds of such Series as provided in the Resolution if such amendment, change, modification, alteration, termination or waiver (i) reduces the amount of Revenues payable by the University under the Loan Agreement on any date or delays the date on which payment is to be made, (ii) modifies the events which constitute Events of Default under the Loan Agreement, (iii) diminishes, limits or conditions the rights or remedies of the Authority under the Loan Agreement upon the occurrence of an Event of Default thereunder, or (iv) adversely affects the rights of the Bondholders in any material respect.

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

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

Bonds owned or held by or for the account of the Authority or the University shall not be deemed Outstanding for the purpose of consent provided for in the Resolution, and neither the Authority nor the University shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Authority will furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

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

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

For all purposes of the portion of the Resolution summarized in this subsection, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel will be satisfactory to the Trustee, with respect to whether any amendment, change, modification, alteration, termination or waiver adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.

(Section 7.11)

Notice as to Event of Default under Loan Agreement

The Authority shall notify the Trustee in writing of any “Event of Default” under a Loan Agreement, as such term is defined in such Loan Agreement, that has occurred and is continuing, which notice shall be given as soon as practicable after the Authority has obtained actual knowledge thereof.

(Section 7.12)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

Notwithstanding any other provisions of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolutions or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

(a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(e) To confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other money, securities or funds;

(f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions;

(g) To modify or amend a Project; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series

Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the University and the Rating Service upon its becoming effective.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution summarized under the heading “**Further Assurance**” above, or the right or obligation of the Authority to execute and deliver to the Trustee any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the University and to each Liquidity Facility Provider upon its becoming effective.

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

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

(Section 9.03)

Amendments of Resolution

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds of a Series Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the

rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect.

The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds; **provided, however**, that such determination shall be made without regard to the existence of any financial guaranty insurance policy issued in connection with such Bonds or a Letter of Credit for such Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the University upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution).

Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the Resolution as summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution as summarized below. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Resolution, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent

such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however,** that the Authority and the Trustee during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

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

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under each Series Resolution (therein called an “event of default”) if:

(a) With respect to Bonds of a Series, payment of the principal, Sinking Fund Installments or Redemption Price of any Bond shall not be made by the Authority when the same shall otherwise become due and payable; or

(b) With respect to Bonds of a Series, payment of an installment of interest on any Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to the Tax Exempt Bonds of any Series, a Determination of Taxability shall have occurred and be continuing; or

(d) With respect to Bonds of a Series, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds or

in any Series Resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and diligently prosecute the cure thereof; or

(e) With respect to Bonds of a Series, an “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the University under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in the Resolution, then and in every such case the Trustee, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of each Series, shall, by a notice in writing to the Authority and each Rating Service, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or in the Bonds to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Funds sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Resolution and under each Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in any Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the section of the Resolution summarized in this paragraph) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

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

In the enforcement of any remedy under the Resolution and under each Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions

of the Resolution or of any Series Resolution or of the Bonds of a Series, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under any Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Authority but solely as provided in the Resolution, in any Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

(Section 11.04)

Limitation of Rights of Individual Bondholders

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

(Section 11.08)

Defeasance

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

(b) Bonds for the payment or redemption of which Available Money shall have been set aside and shall be held in trust by the Trustee (through deposit of Available Money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and

with the effect expressed in the Resolution. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above if: (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds; (ii) there shall have been deposited with the Trustee either Available Money in an amount which shall be sufficient, or Defeasance Securities purchased with Available Money the principal of and interest on which when due will provide money which, together with the Available Money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; (iv) the Trustee shall have received an Opinion of Bond Counsel with respect to the proposed defeasance; and (v) the Trustee shall have received a Verification Report. The Authority shall give written notice to the Trustee and each Rating Service of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; **provided, further**, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution above to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(c) For the purpose of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, in accordance with the provisions of the Resolution, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; **provided, however**, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance

Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the Trustee shall pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

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

(e) Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee after said date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; **provided, however**, that, before being required to make any such payment to the Authority, the Trustee may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such money remains unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such money then unclaimed shall be returned to the Authority.

(Section 12.01)

**FORM OF APPROVING OPINION
OF BOND COUNSEL**

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FORM OF APPROVING OPINION OF BOND COUNSEL

Squire, Sanders & Dempsey L.L.P.
1095 Avenue of the Americas
New York, New York 10036

_____, 2009

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$140,820,000 aggregate principal amount of Yeshiva University Revenue Bonds, Series 2009 (the “Series 2009 Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2009 Bonds are issued under and pursuant to the Act, and the Yeshiva University Revenue Bond Resolution and the Series 2009 Resolution Authorizing Up To \$145,000,000 Yeshiva University Revenue Bonds, Series 2009, both adopted on June 24, 2009 (collectively, the “Resolution”). The Series 2009 Bonds are being issued for the purposes set forth in the Resolution. Capitalized terms used and not otherwise defined herein have the respective meanings given to them in the Resolution or the Loan Agreement (as defined herein).

The Series 2009 Bonds are dated their date of delivery and bear interest from such date payable on March 1, 2010 and semi-annually thereafter on September 1 and March 1 in each year until final maturity thereof. The Series 2009 Bonds mature on the date and in the years and amounts, and bear interest at the rates and are subject to redemption and purchase prior to maturity, all as set forth in the Bond Series Certificate executed in connection therewith.

The Authority and Yeshiva University (the “Institution”) have entered into a Loan Agreement, dated as of June 24, 2009 (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the purposes permitted thereby and by the Resolution. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal and Sinking Fund Installments, if any, and the redemption price of, and

interest on the Series 2009 Bonds, which payments have been pledged by the Authority to the Trustee for the benefit of the Holders of the Series 2009 Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolution and to issue the Series 2009 Bonds thereunder.

2. The Resolution has been duly and lawfully adopted by the Authority. The Resolution is in full force and effect, and is a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

3. The Series 2009 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolution. The Series 2009 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the equal benefits of the Resolution and the Act.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. Assuming compliance by the Authority and the Institution with the covenants described below, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes. The interest on the Series 2009 Bonds will not be treated as a specific preference item for purposes of computing the federal alternative minimum tax. We express no opinion as to whether the interest on Series 2009 Bonds earned by certain corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted current earnings.

We are further of the opinion that the difference between the principal amount of the Series 2009 Bonds maturing on September 1, 2023, September 1, 2024, September 1, 2034 and September 1, 2038 (“Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount (“OID”). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above, as other interest on the Series 2009 Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond at its issue price in the initial public offering who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Initial purchasers of the Series 2009 Bonds maturing on September 1, 2016 through September 1, 2022, inclusive, and September 1, 2025 through September 1, 2029, inclusive, whose initial adjusted basis in such Bonds exceeds the respective principal amount of such Bonds (“Premium Bonds”) will have bond premium to the extent of that excess. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield must be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership.

6. We are also of the opinion that interest on the Series 2009 Bonds is exempt, under existing law, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

With respect to the opinions in paragraphs 5 and 6, the Internal Revenue Code of 1986 (the “Code”) imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2009 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2009 Bonds to be included in gross income retroactively to the date of issue of the Series 2009 Bonds. The Authority and the Institution have covenanted to take all actions necessary to maintain, and to avoid taking any actions that would impair, the exclusion of the interest on the Series 2009 Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion set forth in paragraphs 5 and 6, we have relied upon representations made by the Institution with respect to certain material facts within their knowledge and also upon the opinions of counsel to the Institution, and we have made no independent investigation thereof regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a) of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service’s requirements for maintenance of its status as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a), of the Code may result in interest on the Series 2009 Bonds being included in gross income for federal income tax purposes, possibly retroactively from the original delivery of the Series 2009 Bonds.

We have examined an executed Series 2009 Bond and, in our opinion, the form of said bond and its execution are regular and proper.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Series 2009 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2009 Bonds, or the interest thereon, if any action is taken with respect to the Series 2009 Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolution, the Series 2009 Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors’ rights generally or as to the availability of any particular remedy.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institution.

We express no opinion in this letter as to the accuracy, completeness, fairness or sufficiency of the Official Statement, or any appendices thereto.

Very truly yours,

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