

EXISTING ISSUE

REOFFERED



\$48,270,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
COLUMBIA UNIVERSITY
REVENUE BONDS, SERIES 2004C**

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

The Columbia University Revenue Bonds, Series 2004C (the “Series 2004C 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 dated as of September 27, 2000 (the “Loan Agreement”) between The Trustees of Columbia University in the City of New York (the “University”) and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds) established under the Authority’s Columbia University Revenue Bond Resolution, adopted September 27, 2000 (the “Resolution”) and the Columbia University Series Resolution Authorizing Up To \$150,000,000 Series 2004C Bonds (the “Series 2004C Resolution”), adopted May 26, 2004.

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 the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2004C Bonds, as such payments become due.

The Series 2004C Bonds will not be a debt of the State of New York (the “State”) nor will the State be liable thereon. The Authority has no taxing power.

Description: The Series 2004C Bonds will be reoffered on July 2, 2007. From and including such date, the Series 2004C Bonds will bear interest at the rates and will mature on the dates shown below. The Series 2004C Bonds are fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due January 1, 2008 and each July 1 and January 1 thereafter) on the Series 2004C Bonds will be payable by check mailed to the registered owners thereof and principal of the Series 2004C Bonds will be payable at the principal corporate trust office of Manufacturers and Traders Trust Company, Buffalo, New York, the Trustee and Paying Agent.

The Series 2004C Bonds will be issued 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 2004C Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2004C Bonds, payments of the principal and Redemption Price of and interest on the Series 2004C Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement to beneficial owners is the responsibility of DTC participants. See “PART 3 - THE SERIES 2004C BONDS - Book-Entry Only System” herein.

Redemption: *The Series 2004C Bonds are subject to redemption prior to maturity as more fully described herein.*

Tax Exemption: In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the University described herein, interest on the Series 2004C 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”). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2004C Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that, by virtue of the Act, interest on the Series 2004C Bonds is exempt from personal income taxes of the State of New York and its political subdivisions. See “PART 10 - TAX MATTERS” herein regarding certain other tax considerations.

\$30,740,000 Serial Bonds													
Due			Interest			CUSIP	Due			Interest			CUSIP
July 1	Amount	Rate	Yield*	Number ⁽¹⁾	July 1	Amount	Rate	Yield*	Number ⁽¹⁾				
2024	\$4,385,000	5.00%	4.40%	649903RX1	2026	\$8,780,000	5.00%	4.43%	649903RZ6				
2025	8,465,000	5.00	4.42	649903RY9	2027	9,110,000	5.00	4.44	649903SA0				
\$17,530,000 5.00% Term Bonds Due July 1, 2029, Yield 4.46%* CUSIP Number ⁽¹⁾ 649903SB8													

* Priced to the first par call on July 1, 2017

The Series 2004C Bonds are reoffered when, as and if received by the Underwriter. The offering of the Series 2004C Bonds may be subject to prior sale, or may be withdrawn or modified at any time without notice. The reoffering is subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its special counsel, Hawkins Delafield & Wood LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Clifford Chance USLLP, New York, New York. The Authority expects to deliver the Series 2004C Bonds in definitive form in New York, New York on or about July 2, 2007.

Lehman Brothers	MR Beal & Company	Morgan Stanley
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June 21, 2007

⁽¹⁾ CUSIP numbers have been assigned by an organization not affiliated with the Authority or the University and are included solely for the convenience of the holders of the Series 2004C Bonds. Neither the Authority nor the University is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2004C Bonds or as indicated above.

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 2004C Bonds, other than the information and representations contained in this Reoffering Circular. If given or made, such information or representations must not be relied upon as having been authorized by the Authority, the University or the Underwriters.

This Reoffering Circular does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2004C 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 Reoffering Circular has been supplied by the University and other sources that the Authority believes are reliable. Neither the Authority nor the Underwriters guarantees the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Underwriters.

The University has reviewed the parts of this Reoffering Circular describing the University, the 2004 Project, the Estimated Sources and Uses of Funds and Appendix B. The University shall certify as of the dates of sale and delivery of the Series 2004C Bonds that such parts do not contain any untrue statements of a material fact and do not omit any material facts necessary 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 Reoffering Circular.

References in this Reoffering Circular to the Act, the Resolution, the Series 2004C Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2004C Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2004C Resolution and the Loan Agreement are on file with the Authority and the Trustee.

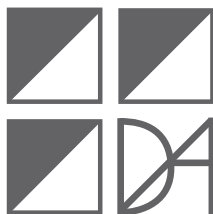
The order and placement of material in this Reoffering Circular, including its appendices, are not to be deemed a determination of relevance, materiality or importance and all material in this Reoffering Circular, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Reoffering Circular, 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 Reoffering Circular.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2004C BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2004C BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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DORMITORY AUTHORITY - STATE OF NEW YORK - 515 BROADWAY ALBANY, N.Y. 12207
DAVID D. BROWN, IV - EXECUTIVE DIRECTOR **GAIL H. GORDON, ESQ. - CHAIR**

REOFFERING CIRCULAR RELATING TO
\$48,270,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
COLUMBIA UNIVERSITY
REVENUE BONDS, SERIES 2004C

PART 1 - INTRODUCTION

Purpose of the Reoffering Circular

The purpose of this Reoffering Circular, including the cover page and appendices, is to provide information about the Authority and the University, in connection with the reoffering by the Authority of \$48,270,000 principal amount of its Columbia University Revenue Bonds, Series 2004C (the "Series 2004C Bonds") which are being converted to bear interest to their respective maturity dates at the fixed rates of interest set forth on the cover page.

On June 30, 2004, \$50,000,000 aggregate principal amount of Series 2004C Bonds were issued by the Authority pursuant to the Resolution, the Series 2004C Resolution and the Act. From the date of their original issuance, the Series 2004C Bonds have borne interest at a Term Rate. Pursuant to the terms of the Series 2004C Resolution, if certain conditions are met on July 2, 2007 (the "Conversion Date"), from and after the Conversion Date, the Series 2004C Bonds will bear interest at the fixed rates of interest set forth on the cover page. On the Conversion Date, the \$50,000,000 aggregate principal amount of Outstanding Series 2004C Bonds will be mandatorily tendered by the Holders thereof for purchase at a price of par, plus accrued interest to the Conversion Date. By this Reoffering Circular, the Authority is reoffering \$48,270,000 aggregate principal amount of Series 2004C Bonds, which the Authority expects to deliver to their purchasers on or about the Conversion Date. The balance of the Series 2004C Bonds that are tendered on the Conversion Date, but are not being reoffered, will be retired and will no longer be Outstanding.

The following is a brief description of certain information concerning the Series 2004C 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 2004C Bonds is contained throughout this Reoffering Circular, which should be read in its entirety. Certain terms used in this Reoffering Circular are defined in Appendix A hereto.

Purpose of the Issue

The Series 2004C Bonds were issued, along with the Authority's Columbia University Revenue Bonds, Series 2004B (the "Series 2004B Bonds"), (i) to pay the Costs of the 2004 Project, more particularly described herein under the heading "PART 5 - THE 2004 PROJECT" and (ii) to pay certain Costs of Issuance of the Series 2004C Bonds and the Series 2004B Bonds. See "PART 5 - THE 2004 PROJECT" and "PART 6 - ESTIMATED SOURCES AND USES OF FUNDS."

Authorization of Issuance

The Series 2004C Bonds were issued pursuant to the Resolution, the Series 2004C Resolution and the Act. In addition to the Series 2004C Bonds, the Resolution authorizes the issuance of additional Series of Bonds to pay 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 issued for the benefit of the University. The Bonds permitted to be issued under

the Resolution include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with each other. In addition to the Series 2004C Bonds, there is currently \$795,025,000 aggregate principal amount of Bonds Outstanding under the Resolution.

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 and not-for-profit institutions. See “PART 7 - THE AUTHORITY.”

The University

The University is a private, non-sectarian, non-profit institution of higher education chartered by the State Legislature. The University has two campuses in New York City, its main campus in Morningside Heights and its Health Sciences campus in Washington Heights. See “PART 4 - THE UNIVERSITY” and “Appendix B - Financial Statements of Columbia University and Independent Auditors’ Report.”

The Series 2004C Bonds

The Series 2004C Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2008 and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the cover page of this Reoffering Circular. See “PART 3 - THE SERIES 2004C BONDS - Description of the Series 2004C Bonds.”

Payment of the Series 2004C Bonds

The Series 2004C Bonds and all other Bonds issued under the Resolution 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. The Loan Agreement is a general, unsecured obligation of the University. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2004C BONDS - Payment of the Series 2004C Bonds.”

Security for the Series 2004C Bonds

The Series 2004C Bonds are secured equally with all other Bonds which have been and may be issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and any Series Resolution other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase.

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 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. In addition, pursuant to the Loan Agreement, the University may, subject to certain limitations, incur Debt secured by a lien and pledge of revenues of the University without granting to the Authority any security interest in any revenues to secure the University’s obligations under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2004C BONDS - Security for the Series 2004C Bonds” and “ - Issuance of Additional Bonds” and “PART 4 - THE UNIVERSITY - ANNUAL FINANCIAL STATEMENT INFORMATION - Outstanding Indebtedness; Existing Liens.”

The Series 2004C 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 2004C 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.

Covenants

The University covenants in the Loan Agreement that it will maintain at all times (i) Available Assets of the University which will be not less than 200% of the General Liabilities of the University, and (ii) as an asset of the University, unencumbered, unrestricted securities, the market value of which is at least equal to 120% of the aggregate principal amount of its outstanding Short Term Debt. The University is required to demonstrate compliance with such covenants by filing quarterly certificates with the Authority. Failure by the University to comply with any of the foregoing covenants will not constitute an event of default under the Loan Agreement or the Resolution if the University (i) complies with the provisions relating to the engagement of a Management Consultant, (ii) provides security for the University's obligations under the Loan Agreement, or (iii) provides a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2004C BONDS - Covenants - *Ratio of Available Assets to General Liabilities*" and " - *Maintenance of Assets.*"

The University also covenants in the Loan Agreement that, except to the extent permitted under the Loan Agreement, it will not encumber its assets to secure indebtedness. For a summary of the circumstances in which the University may encumber its assets, see "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2004C BONDS - Covenants - *Limitation on Liens.*" Failure by the University to comply with such covenant will constitute an event of default under the Loan Agreement and the Resolution.

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2004C BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2004C 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, the Series 2004C Resolution and the Series 2004C Bond Series Certificate. Copies of the Loan Agreement, the Resolution, the Series 2004C Resolution and the Series 2004C Bond Series Certificate 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 2004C Bonds

The Series 2004C Bonds and all other Bonds which have been and may be issued under the Resolution 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 2004C Bonds and all other Bonds which may be issued under the Resolution 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 Bonds. The Authority has pledged the Revenues and its right to receive them to the Trustee for the benefit of the Bondholders.

The Loan Agreement is a general, unsecured obligation of the University. The Loan Agreement obligates the University to make payments to satisfy the principal, Sinking Fund Installments, Purchase Price and Redemption Price of and interest on Outstanding Series 2004C Bonds. Payments made by the University in respect of interest on the Series 2004C Bonds are to be made on the 10th day of each June immediately preceding the July 1 and on the 10th day of each December immediately preceding the January 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 June immediately preceding the July 1 on which such principal becomes due. The Loan Agreement also obligates the University to pay, at least 45 days prior to a redemption date of Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Bonds. See "PART 3 - THE SERIES 2004C BONDS - 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, Purchase Price and Redemption Price of and interest on the Series 2004C Bonds.

Security for the Series 2004C Bonds

The Series 2004C Bonds are secured equally with all other Bonds which have been and may be issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and any Series Resolution other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase.

The Series 2004C 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 2004C 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 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 complete 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 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 4 - THE UNIVERSITY - ANNUAL FINANCIAL STATEMENT INFORMATION - Outstanding Indebtedness; Existing Liens," for a description of such indebtedness of the University secured by certain pledged revenues. In addition, pursuant to the Loan Agreement, the University may incur certain Debts secured by a lien and pledge of revenues of the University without granting to the Authority any security interest in any revenues to secure the University's obligations under the Loan Agreement. See "- Covenants - *Limitations on Liens*" below. 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 to satisfy any of the University's obligations under the Loan Agreement.

Covenants

The University in the Loan Agreement has made certain covenants regarding maintenance of the ratio of its Available Assets to its General Liabilities and maintenance of its assets, as more fully described below. Failure by the University to comply with any of these covenants will not constitute an event of default under the Loan Agreement or the Resolution if the University complies with the provisions relating to a Management Consultant or provides security for the University's obligation under the Loan Agreement or a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. The University has also covenanted in the Loan Agreement that, except to the extent permitted under the Loan Agreement, it will not encumber its assets to secure indebtedness, as more fully described below. Failure by the University to comply with this covenant will constitute an event of default under the Loan Agreement and the Resolution.

Ratio of Available Assets to General Liabilities

The University has covenanted that it will maintain at all times a ratio of its Available Assets to its General Liabilities of at least 2.00 to 1.00. As of March 31, 2007, the ratio of the University's Available Assets to its General Liabilities was approximately 4.14 to 1.00 (unaudited). The University is required to demonstrate compliance with this covenant by filing quarterly certificates with the Authority. Failure by the University to comply with this covenant will not constitute an event of default under the Loan Agreement or the Resolution if the University complies with the provisions relating to a Management Consultant or provides security for the University's obligation under the Loan Agreement or a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. See "Appendix B - Financial Statements of Columbia University and Independent Auditor's Report" and "Appendix C - Summary of Certain Provisions of the Loan Agreement - Financial Covenants and Management Consultant."

Maintenance of Assets

The University has covenanted that it will at all times maintain, as an asset of the University, securities which are free and clear of any pledge, lien, charge, security interest or other encumbrance, which are not subject to any statutory, contractual or other restriction, and which have a market value of at least 120% of the aggregate principal amount of outstanding Short Term Debt. The University is required to demonstrate compliance with this covenant by filing quarterly certificates with the Authority. Failure by the University to comply with this covenant will not constitute an event of default under the Loan Agreement or the Resolution if the University complies with the provisions relating to a Management Consultant or provides security for the University's obligation under the Loan Agreement or a Liquidity Facility and/or a Credit Facility as provided in the Loan Agreement. See "Appendix B - Financial Statements of Columbia University and Independent Auditor's Report" and "Appendix C - Summary of Certain Provisions of the Loan Agreement - Financial Covenants and Management Consultant."

Limitation on Liens

The University has covenanted that it will not issue, assume or guarantee any Debt secured by Liens upon any Restricted Property or create, incur or assume any Liens on Restricted Property to secure Debt, unless the obligations of the University under the Loan Agreement are secured equally and ratably with or prior to all other obligations secured by such Lien, with certain exceptions (the "Excepted Debt"), including: (i) Liens to secure all or any part of the purchase price or cost of construction of Restricted Property acquired or constructed by the University, provided that, among other things, the Debt secured by any such Lien is non-recourse to the University and the amount of Debt does not exceed 95% of the purchase price or cost of construction; (ii) Liens on Restricted Property existing at the time of acquisition of such Restricted Property by the University, provided that, among other things the Debt secured by any such Lien is non-recourse to the University and that the amount of Debt does not exceed 95% of the fair market value of such Restricted Property; (iii) Liens to secure Debt incurred to the Authority or to secure bonds, notes or other obligations of the Authority; (iv) with the consent of the Authority, Liens to secure obligations incurred by the University to the issuer of a Liquidity Facility, Credit Facility or Interest Rate Exchange Agreement; and (v) extensions, renewals or replacements of any Liens of the types referred to in the preceding four clauses. See "Appendix C - Summary of Certain Provisions of the Loan Agreement - Limitation on Liens."

Notwithstanding the limitations set forth in the preceding paragraph, the University may issue, assume or guarantee Debt secured by Liens or create, incur or assume Liens to secure Debt if (i) the value of all Restricted Property securing Debt (other than Restricted Property securing Excepted Debt) does not exceed 20% of the University's total assets or such higher percentage as the Authority may consent to, and (ii) the aggregate principal amount of all Debt secured by Liens (other than Excepted Debt) does not exceed 20% of the University's total assets or such higher percentage as the Authority may consent to. In no event may the University issue, assume or guarantee any Debt secured by Liens upon the University's portfolio of stocks, bonds, notes or other investments or create, incur or assume Liens upon the University's portfolio of stocks, bonds, notes or other investments to secure Debt (other than Debt to the Authority), if at the time such Debt is issued, assumed or guaranteed or such Lien is created, incurred or assumed: (a) the market value of the University's portfolio subject to Liens plus the proposed Liens to secure such Debt is more than 5% (or such higher percentage as the Authority may consent to) of the total value of the University's portfolio less 110% of the principal amount of Bonds then Outstanding, or (b) the market value of the University's unpledged and unrestricted portfolio is less than 110% of the principal amount of the Bonds then Outstanding. See "Appendix C - Summary of Certain Provisions of the Loan Agreement - Exempted Transactions."

In addition to the aforementioned secured indebtedness permitted under the Loan Agreement, the Loan Agreement permits the University to secure Debt issued by the Authority under any resolution of the Authority other than the Resolution. Such Debt may be secured with the University's stocks, bonds, real estate or other assets. Any assets securing Debt issued under a resolution of the Authority other than the Resolution would not be for the benefit of the Bondholders under the Resolution.

Events of Default and Acceleration

The following are events of default under the Resolution: (i) a default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of or interest on any Bond; (ii) the Authority defaults in the due and punctual performance of the tax covenants contained in the Resolution, and, as a result thereof, the interest on Bonds of a Series shall no longer be excludable from gross income under the Code; (iii) a default by the Authority in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution or any Series Resolution on the part of the Authority to be performed and the continuance of such default for 30 days after written notice specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee, which may give such notice in its discretion and must give such notice at the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds; or (iv) an event of default under the Loan Agreement has been declared and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless otherwise specified above, 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 (ii) 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 Bonds Outstanding, by notice in writing to the Authority, is to declare the principal of and interest on all of the Bonds Outstanding to be due and payable at the expiration of 30 days after such notice is given. At the expiration of 30 days from the giving of such notice, such principal and interest will become immediately due and payable. The Trustee, with the written consent of the Holders of not less than 25% in principal amount of Bonds not yet due by their terms and then Outstanding, will annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to comply with the covenant described in subclause (ii) of the first paragraph under this heading, upon the direction of the Holders of not less than 25% in principal amount of the Outstanding Bonds of the Series affected thereby, the Trustee is to exercise the rights and remedies provided to the Bondholders under the Resolution. However, the Resolution provides that in no event may the Trustee, whether or not it is acting at the direction of the Holders of 25% or more in principal amount of the Outstanding Bonds of the Series affected thereby, declare the principal of such Series of Bonds, and the interest accrued thereon, to be due and payable immediately as a result of the Authority's failure to comply with such covenant.

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 Holders of the Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice. However, except in the case of default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any of the Bonds, the Trustee is protected in withholding such notice thereof from 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 Bonds.

Issuance of Additional Bonds

In addition to the Bonds currently Outstanding under the Resolution and the Series 2004C 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 issued on behalf of the University. The Bonds which may be issued include Fixed Interest Rate Bonds, Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds.

General

The Series 2004C Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 7 - THE AUTHORITY."

PART 3 - THE SERIES 2004C BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2004C Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the 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 2004C Bonds.

Description of the Series 2004C Bonds

The Series 2004C Bonds were issued pursuant to the Resolution. The Series 2004C Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2008 and on each July 1 and January 1 thereafter) at the rates set forth on the cover page of this Reoffering Circular.

The Series 2004C Bonds were issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2004C Bonds are registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2004C Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2004C Bonds, the Series 2004C Bonds will be exchangeable for fully registered Series 2004C 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" herein and "Appendix D - Summary of Certain Provisions of the Resolution."

Interest on the Series 2004C Bonds is payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2004C 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. The principal of the Series 2004C Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of Manufacturers and Traders Trust Company, Buffalo, New York, the Trustee and Paying Agent. As long as the Series 2004C Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of principal and interest will be made directly to DTC. See "Book-Entry Only System" herein.

Redemption Provisions

The Series 2004C Bonds are subject to optional, special and mandatory redemption as described below.

Optional Redemption

The Series 2004C Bonds are subject to redemption prior to maturity on or after July 1, 2017, in any order at the option of the Authority, as a whole or in part at any time, at a price of par plus accrued interest to the redemption date.

Special Redemption

The Series 2004C Bonds are subject to redemption prior to maturity at the option of the Authority, as a whole or in part and in any order on any interest payment date, at 100% of the principal amount thereof plus accrued interest to the redemption date from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the 2004C Project.

Mandatory Redemption

The Series 2004C Bonds maturing on July 1, 2029, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2004C Bonds specified for each of the years shown below:

**Series 2004C Term Bonds
Maturing on July 1, 2029**

<u>Year</u>	<u>Sinking Fund Installments</u>
2028	\$7,725,000
2029	9,805,000 †

†Final maturity.

General. The Authority may from time to time direct the Trustee to purchase Series 2004C Bonds with moneys in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2004C Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2004C Bonds of the same Series and maturity. The University also may purchase Series 2004C Bonds and apply any Series 2004C Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2004C Bonds of the same Series and maturity. To the extent the Authority's obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Bondholder's Series 2004C Bonds of the Series and maturity so purchased will be reduced for such year.

In addition, the Authority has reserved the right to apply the principal amount of the Series 2004C Bonds subject to Sinking Fund Installments that have been purchased, defeased or optionally redeemed in part in reduction of one or more such Sinking Fund Installments in any order.

Selection of Bonds to be Redeemed. In the case of redemptions of Series 2004C Bonds, other than mandatory redemptions, the Authority will select the maturities of the Series 2004C Bonds to be redeemed. If less than all of the Series 2004C Bonds of a maturity are to be redeemed, the Series 2004C 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 2004C Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to the registered owners of any Series 2004C Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than ten Business Days prior to the date such notice is given. Each notice of redemption will 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 2004C Bonds to be redeemed. The failure of any owner of a Series 2004C Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2004C Bond. If directed in writing by an Authorized Officer of the Authority, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 60 days prior to the redemption date, but publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2004C Bonds.

If on the redemption date moneys for the redemption of the Series 2004C 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 2004C Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2004C Bonds will no longer be considered to be Outstanding.

For a more complete description of the redemption and other provisions relating to the Series 2004C Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2004C Bonds. The Series 2004C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2004C Bonds, each in the applicable 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 2.2 million issues of U.S. and non-U.S. equity, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as 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”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2004C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2004C Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2004C 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 2004C 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 any of the Series 2004C Bonds, except in the event that use of the book-entry system for the Series 2004C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2004C 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 2004C 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 2004C Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2004C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity of the Series 2004C Bonds 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 Series 2004C Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an omnibus proxy (the “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 2004C 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 2004C 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 2004C Bonds registered in its name for the purposes of payment of the principal or redemption premium, if any, of, or interest on, the Series 2004C Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2004C Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2004C Bonds under or through DTC or any 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 Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2004C 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 a 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 Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of the Series 2004C Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2004C Bonds at any time by giving reasonable notice to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Authority may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Authority may retain another securities depository for the Series 2004C Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Authority directs the Trustee to deliver such bond certificates, such Series 2004C Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 2004C Bonds in other authorized denominations and of the same maturity as set forth in the Resolution, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Authority.

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.

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

So long as Cede & Co. is the registered owner of the Series 2004C Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2004C Bonds (other than under the captions "PART 10 - TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2004C Bonds.

Principal and Interest Requirements

The following table sets forth the amounts, after giving effect to the reoffering of the Series 2004C Bonds, required to be paid by the University during each twelve month period ending June 30 of the Bond Years shown for the payment of debt service on the currently Outstanding Bonds, the principal of and interest on the Series 2004C Bonds, debt service on other outstanding indebtedness of the University and the total debt service on all indebtedness of the University, including the Series 2004C Bonds.

Debt Service on University Indebtedness ⁽¹⁾

12 Month Period Ending June 30	Series 2004C Bonds				
	Principal Payments	Interest Payments	Total Debt Service on the Series 2004C Bonds	Debt Service On Other Outstanding Indebtedness ⁽²⁾	Total Debt Service
2008	\$ -	\$2,406,796	\$ 2,406,796	\$116,830,216	\$119,237,012
2009	-	2,413,500	2,413,500	115,319,989	117,733,489
2010	-	2,413,500	2,413,500	131,967,262	134,380,762
2011	-	2,413,500	2,413,500	117,086,606	119,500,106
2012	-	2,413,500	2,413,500	110,085,269	112,498,769
2013	-	2,413,500	2,413,500	110,571,080	112,984,580
2014	-	2,413,500	2,413,500	106,503,098	108,916,598
2015	-	2,413,500	2,413,500	81,749,495	84,162,995
2016	-	2,413,500	2,413,500	94,058,177	96,471,677
2017	-	2,413,500	2,413,500	74,340,822	76,754,322
2018	-	2,413,500	2,413,500	71,188,136	73,601,636
2019	-	2,413,500	2,413,500	70,477,665	72,891,165
2020	-	2,413,500	2,413,500	69,740,850	72,154,350
2021	-	2,413,500	2,413,500	78,428,671	80,842,171
2022	-	2,413,500	2,413,500	58,216,974	60,630,474
2023	-	2,413,500	2,413,500	51,098,628	53,512,128
2024	4,385,000	2,413,500	6,798,500	46,712,978	53,511,478
2025	8,465,000	2,194,250	10,659,250	42,717,438	53,376,688
2026	8,780,000	1,771,000	10,551,000	34,089,563	44,640,563
2027	9,110,000	1,332,000	10,442,000	34,183,875	44,625,875
2028	7,725,000	876,500	8,601,500	26,045,275	34,646,775
2029	9,805,000	490,250	10,295,250	16,299,000	26,594,250
2030	-	-	-	16,295,000	16,295,000
2031	-	-	-	16,296,000	16,296,000

⁽¹⁾ Debt service is presented in this table on a cash basis. There may be differences between these debt service projections and debt service in the University's financial statement footnotes, as those debt service projections reflect interest expense calculated on an accrual basis.

⁽²⁾ Interest on outstanding taxable commercial paper is assumed to accrue at the rate of 5.75%. Interest on variable rate tax-exempt bonds and tax-exempt commercial paper is assumed to accrue at the rate of 3.75%.

PART 4 - THE UNIVERSITY

GENERAL INFORMATION

Introduction

The Trustees of Columbia University in the City of New York (“Columbia” or the “University”) is a privately endowed, nonsectarian, non-profit institution of higher education. Known originally as King’s College, the University was founded under a charter which was granted in 1754 by King George II and ratified, amended and confirmed in 1787 by the State Legislature.

Today, the University is one of the largest private institutions of higher education in the United States, with a full-time faculty of approximately 3,462 and a student body of approximately 19,143 full-time and 3,243 part-time students. Instruction and research are carried out in 16 component schools located at two primary sites in New York City (the “City”) and several additional sites outside the City. The University is formally affiliated with several neighboring institutions, including Barnard College, Teachers College and Union Theological Seminary.

The University offers degree and certificate programs through 16 faculties and schools, consisting of Columbia College, its original school, the School of General Studies (a liberal arts college for non-traditional students), and the 14 professional or specialized divisions whose programs supplement the liberal arts curricula. The University offers bachelor’s degrees in 104 subject areas, master’s degrees in 145 subject areas, doctoral degrees in 121 academic fields, and 45 certificate programs.

The University’s professional and specialized divisions include the College of Physicians and Surgeons founded in 1767 (the second oldest medical school in the country and the first to grant an M.D. degree), the School of Law founded in 1858, the Fu Foundation School of Engineering and Applied Science founded in 1864, the Graduate School of Arts and Sciences founded in 1820 and the Graduate School of Business founded in 1916. The University’s College of Physicians and Surgeons and its School of Nursing, Joseph L. Mailman School of Public Health and School of Dental Medicine, together with New York Presbyterian Hospital (Columbia-Presbyterian campus) and the New York State Psychiatric Institute, which is maintained by the New York State Department of Mental Hygiene, comprise the Columbia University Medical Center.

The University is a member of numerous professional associations, including the Association of American Universities, and is accredited by the Middle States Association of Colleges and Schools. In addition, ten of its professional schools hold separate accreditation from their respective professional associations.

University Properties

The main campus of the University, located in Morningside Heights (in the Borough of Manhattan), contains 81 buildings with more than 7 million gross square feet of floor area. Its central core on 32 acres is bounded by 120th Street on the north, Amsterdam Avenue on the east, 114th Street on the south and Broadway on the west, with an eastern annex bounded by 118th Street on the north, Morningside Drive on the east, and 116th Street on the south.

The Medical Center campus, with approximately 3.4 million gross square feet, is the other primary campus of the University and is located in Washington Heights (in the Borough of Manhattan). The University also maintains approximately 7 million gross square feet of off-campus housing and commercial space near these two campuses. Other educational facilities, including research, academic and athletic/recreation facilities, are located in the greater New York area and in Paris, France. These include:

- Lamont-Doherty Earth Observatory, which occupies 25 major buildings in the academic plant on approximately 155 acres in Rockland County, New York and provides research facilities in the earth sciences;
- Baker Field, the main outdoor athletic and recreation area for the University, which occupies nearly 28 acres at Broadway and 218th Street in New York City;
- The Nevis Laboratories, a high-energy physics research facility located on 68 acres in Westchester County, New York; and
- Reid Hall, a four-building academic facility in Paris, France.

The University carries insurance on its buildings and their contents with a blanket policy limit of \$1.0 billion per occurrence covering full replacement value for its Medical Center and Morningside Campus properties. In January 2006, the University reorganized the management of its property insurance to consolidate its coverage entirely within the Columbia University insurance program. As such, property insurance on Medical Center buildings, previously covered under an arrangement with New York-Presbyterian Hospital, is now covered under the University’s master program. Liability insurance with substantial limits of liability is also purchased to protect the University and its trustees and officers against third-party claims and suits. The University maintains a self-insurance reserve to fund the deductible obligations of its policies.

Governance

The University is governed by a 24-member Board of Trustees. Responsibilities of the Trustees include selecting the President and approving all faculty and senior administrative appointments. The Trustees also monitor the University’s budget, supervise the endowment, and oversee protection of University property.

Six Trustees are nominated by the alumni. The Committee on Trusteeship is responsible for nominating candidates to fill the remaining 18 Trustee positions, six of whom are nominated after consultation with the Executive Committee of the University Senate. Trustees serve a six-year term and are eligible for re-election to a second six-year term.

The current members of the Board of Trustees are listed below; there is one vacant position.

William V. Campbell, <i>Chair</i> Chairman of the Board Intuit, Inc.	Patricia M Cloherty Chairman and CEO Delta Private Equity Partners LLC	Michael B. Rothfeld Chair Board of Visitors of Columbia College
Marilyn Laurie, <i>Vice Chair</i> President Laurie Consulting	Kenneth Forde Professor Emeritus College of Physicians and Surgeons	Joan E. Spero President Doris Duke Charitable Foundation
Philip L. Milstein, <i>Vice Chair</i> Principal Ogden CAP Properties, LLC	Eric Holder Partner Covington & Burling	Esta Stecher Executive Vice President, General Counsel and Secretary Goldman, Sachs & Co.
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Lee C. Bollinger President Columbia University	Mark E. Kingdon President Kingdon Capital Management	Faye Wattleton President Center for the Advancement of Women
José A. Cabranes Judge United States Court of Appeals for the Second Circuit	Gerry Lenfest President The Lenfest Group	Clyde Y.C. Wu
Stephen H. Case Managing Director and General Counsel Cohen & Company, LLC	Vikram Pandit Founder Old Lane L.L.C.	

Administration

The President of the University is appointed by the University's Board of Trustees and, as chief executive officer, is principally responsible for administration of the University. All other principal executive officers of the University are nominated by the President and appointed by the Trustees. The principal executive officers of the University are listed below:

<u>Name</u>	<u>Position</u>
Lee C. Bollinger	President
Alan Brinkley	Provost
Robert Kasdin	Senior Executive Vice President
Elizabeth Keefer	General Counsel
<i>Vacant</i>	Executive Vice President for Finance/Chief Financial Officer
Susan Feagin	Executive Vice President for Development and Alumni Relations
Lee Goldman	Executive Vice President for Health and Biomedical Sciences
Maxine Griffith	Executive Vice President for Government and Community Affairs
David Hirsh	Executive Vice President for Research
Lisa Hogarty	Executive Vice President of Student and Administrative Services
Joe Ienuso	Executive Vice President for University Facilities
David Stone	Executive Vice President for Communications

Lee C. Bollinger, President and member of the faculty of the Law School. President Bollinger is a graduate of the University of Oregon and Columbia Law School, where he was an Articles Editor of the Law Review. After serving as law clerk for Judge Wilfred Feinberg of the United States Court of Appeals for the Second Circuit and Chief Justice Warren Burger of the United States Supreme Court, he joined the faculty of the University of Michigan Law School in 1973. In 1987, he was named the Dean of the University of Michigan Law School. He became Provost of Dartmouth College and Professor of Government in July 1994 and was named President of the University of Michigan in November 1996, serving until his appointment at Columbia in 2002. His primary teaching and scholarly interests are free speech and first amendment issues, and he has published several books, and articles and essays in scholarly journals on these and other subjects.

Alan Brinkley, Provost and Allan Nevins Professor of History. Dr. Brinkley received his A.B. from Princeton University and Ph.D. from Harvard. He has been teaching at Columbia since 1991 and chaired the Department of History from 2000 to 2003. His research and teaching interests are in twentieth-century American history, and particularly the history of various competing political traditions, among them liberalism, populism, and the American right.

Robert Kasdin, Senior Executive Vice President. Robert Kasdin was appointed Senior Executive Vice President in March 2002 and assumed his responsibilities as of September 1, 2002. Prior to joining Columbia University, he served as the Executive Vice President and Chief Financial Officer of the University of Michigan. Before his service at the University of Michigan, he was the Treasurer and Chief Investment Officer for The Metropolitan Museum of Art in New York City, and the Vice President and General Counsel for Princeton University Investment Company. He started his career as a corporate attorney at Davis Polk & Wardwell. Mr. Kasdin has served on several boards. He is President of the Board of Trustees of The Dalton School, a trustee of The Peter T. Joseph Foundation, and a trustee of The World Trade Center Memorial Foundation. Mr. Kasdin earned his A.B. from Princeton and his J.D. from Harvard Law School.

Elizabeth Keefer, General Counsel. Ms. Keefer holds a B.A. from Barnard College and a J.D. from George Washington University. Before assuming the position of General Counsel in 1997, she was General Counsel to Teledyne, Inc., a group of technology-based manufacturing companies. Prior to that, she was a partner at the international law firm of Hughes Hubbard & Reed LLP, in Washington, D.C., and served as Deputy Undersecretary for International Affairs with the US Air Force. Her previous experience also includes seven years at the U.S. Department of State in the Legal Adviser's Office and several years at the Federal Trade Commission in the Bureau of Competition.

Vacant, Executive Vice President for Finance/Chief Financial Officer. In March 2007, Albert Horvath announced that he would step down as the Executive Vice President for Finance on June 11, 2007. Currently, a search is underway for a successor to Mr. Horvath.

Susan K. Feagin, Executive Vice President for Development and Alumni Relations. Ms. Feagin assumed her current role at Columbia University in 2002. In 1974, Ms. Feagin received a B.A. degree cum laude from Columbia University's School of General Studies. Ms. Feagin has spent thirty-three years in university development and has had leadership roles in three major University development campaigns. In 1990, she was appointed the first Associate Dean for Development in Harvard's Faculty of Arts and Sciences and then was named Director of University Development in 1996. Ms. Feagin was Vice President for Development at the University of Michigan before joining Columbia.

Lee Goldman, Executive Vice President for Health and Biomedical Sciences. Lee Goldman, MD, MPH, is the Harold and Margaret Hatch Professor and Executive Vice President for Health and Biomedical Sciences at Columbia University, where he also serves as Dean of the Faculties of Health Sciences and Medicine. He received his BA, MD, and MPH degrees from Yale University. After training in medicine (University of California, San Francisco; Massachusetts General Hospital) and cardiology (Yale), he spent 17 years in Boston where he served as Professor of Medicine at Harvard Medical School, Professor of Epidemiology at Harvard School of Public Health, and Vice Chair of the Department of Medicine and later Chief Medical Officer at the Brigham and Women's Hospital. He then moved to the University of California, San Francisco, where he was the Julius R. Krevans Distinguished Professor and Chair of the Department of Medicine and Associate Dean for Clinical Affairs of the School of Medicine. Dr. Goldman's research has focused on the effectiveness and costs of diagnostic and therapeutic strategies.

Maxine Griffith, Executive Vice President for Government and Community Affairs. Ms. Griffith brings to this newly created position more than 20 years of New York experience and a strong background in government affairs. While she was a senior fellow for community planning and development at the Regional Plan Association in New York, she worked extensively in Harlem on a variety of issues, including development projects. Most recently Ms. Griffith served as the executive director of the Philadelphia City Planning Commission and the secretary for strategic planning. Prior to her cabinet-level appointment in Philadelphia, she served in the Clinton administration at the U.S. Department of Housing and Urban Development (HUD), first as the secretary's regional representative for New York and New Jersey and then in Washington as HUD's assistant deputy secretary. Ms. Griffith graduated cum laude from Hunter College in New York and holds a master's degree in architecture from the University of California, Berkeley. She has taught city planning and urban design at Columbia, New York University and the University of Pennsylvania.

David Hirsh, Executive Vice President for Research. Dr. Hirsh received his B.A. from Reed College and his Ph.D. from Rockefeller University in 1968. From 1990 until 2003, he was Chairman of the Department of Biochemistry and Molecular Biophysics in the College of Physicians and Surgeons of Columbia University. He has taught at Columbia since 1990, and was appointed Robert Wood Johnson, Jr. Professor of Biochemistry and Molecular Biophysics in 1991. He served as Interim Dean for Research in the Faculty of Medicine from January 2000 to February 2001. Prior to joining Columbia he served as Executive Vice President and Director of Research at Synergen, Inc., and held an academic appointment at the University of Colorado, Boulder.

Lisa Hogarty, Executive Vice President of Administrative and Student Services. Ms. Hogarty joined Columbia in 2002 after nine years in health care. Her most recent position was as corporate vice president for facilities and support services at Continuum Health Partners. Previous to health care, she worked for the Four Seasons Hotel Company in New York and Hawaii. She began her career as a Broadway stage manager working on shows such as Cats, Brighton Beach Memoirs and Whoopi Goldberg's one woman show. She holds a Master of Science degree from New York University and a Bachelor of Fine Arts from Colby-Sawyer College.

Joe Ienuso, Executive Vice President for University Facilities. Mr. Ienuso joined Columbia in 1989 and has since held a number of senior administrative roles in Admissions, Financial Aid, Student Services and Facilities Management. As part of the Facilities Management Executive Team since 2001, Mr. Ienuso is responsible for apartment housing, facilities operations, public safety, capital projects, Manhattanville Development and planning services for the Morningside Heights campus. Mr. Ienuso holds a B.S. and M.S. from St. John's University, and a M.B.A. from The Columbia University School of Business.

David M. Stone, Executive Vice President for Communications. David M. Stone was appointed Executive Vice President for Communications in March 2006. Over the past two decades, Mr. Stone served in state and federal government, worked as a writer, public affairs television producer and communications consultant for a variety of media, education, government and mission-driven organizations. Mr. Stone was an advisor to Princeton University's Policy Research Institute and a consultant on strategic communications and community outreach for the University of Pennsylvania, including the University's civic partnerships in West Philadelphia. Previously, he served as deputy chief of staff and communications director for Pennsylvania Governor Robert P. Casey and United States Senator Harris Woffard. A native New Yorker, Mr. Stone graduated from Princeton University and Harvard Law School.

Primary Affiliation

The University has an alliance dating back to 1921 with Presbyterian Hospital, which merged with New York Hospital effective January 1, 1998, and formed the new corporate entity called New York-Presbyterian Hospital ("NYPH"). The University provides medical, professional, and supervisory staff, and various other technical assistance and is reimbursed by NYPH. NYPH provides funding to the clinical departments for several specific purposes, including administration, supervision, and teaching of the NYPH resident staff and salary support for faculty and staff providing services to NYPH. In addition, NYPH provides partial funding for clinical programs that the University and NYPH would like to see developed or expanded. NYPH also provides the departments with certain facilities and services (outpatient faculty practice offices, nursing, telecommunications, etc.) for which the University is invoiced on a monthly basis. Finally, the University and NYPH collaborate on and fund joint projects for which specific agreements are negotiated.

The University and NYPH negotiate a joint budget, which forms the basis for the reimbursement agreement. The final fiscal year 2006 joint budget was approximately \$119 million. The payments to NYPH for goods and services were \$56 million. The revenues received pursuant to this reimbursement arrangement for services rendered are reflected in the financial statements as a portion of revenue from other educational and research activities, and medical faculty practice plan income. NYPH provides the University with the use of certain facilities and certain services and is reimbursed for its costs by the University.

The University records both receivables from and payables to NYPH on the Balance Sheet. The University has no liability for obligations and debt incurred by NYPH.

Employee Relations

The faculty and administrative officers of the University are not represented by any union.

The University has ten unions making up thirteen bargaining units which represent approximately 3,550 of its 13,904 member salaried workforce.

OPERATING INFORMATION

Enrollment and Admissions

The University's enrollment during the past five years, based on fall registration, is shown below:

ENROLLMENT SUMMARY

<u>Fall</u>	<u>Undergraduate</u>	<u>Graduate and Professional</u>	<u>Non-Degree</u>	<u>Total</u>
2006	7,393	14,993	2,258	24,644
2005	7,329	14,751	2,385	24,465
2004	7,228	14,868	1,717	23,813
2003	7,110	14,215	2,324	23,649
2002	7,054	14,150	2,218	23,422

The following sets forth the number of applications received for full-time admission to the University's undergraduate programs in Columbia College, the number and percentage of those applications accepted and the number and percentage of those accepted who enrolled, for the past five years.

ADMISSIONS STATISTICS

<u>Entering Fall</u>	<u>Applications</u>	<u>Acceptances</u>	<u>Acceptance Rate</u>	<u>New Enrollment</u>	<u>Yield</u>
2006	17,151	1,661	9.7%	1,022	61.5%
2005	15,793	1,693	10.7	1,024	60.5
2004	15,006	1,636	10.9	1,011	61.8
2003	14,665	1,644	11.2	1,011	61.5
2002	14,135	1,641	11.6	1,042	63.5

Columbia College draws matriculants from all 50 states of the nation and more than 40 countries. About one-third of Columbia College's students are from the tri-state region of New York, New Jersey and Connecticut. As Columbia's applicant pool has grown over the past five years, the enrolled population has become more geographically diverse.

Tuition and Fees

The table below indicates tuition rates for Columbia College and undergraduate students at the School of Engineering and Applied Science for the past five years:

	<u>TUITION CHARGES</u>				
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Columbia College and School of Engineering and Applied Science					
Tuition	\$27,190	\$28,686	\$30,260	\$31,924	\$33,664
Mandatory Fees	<u>1,016</u>	<u>1,102</u>	<u>1,212</u>	<u>1,322</u>	<u>1,502</u>
Tuition and Mandatory Fees	\$28,206	\$29,788	\$31,472	\$33,246	\$35,166

Tuition for the Graduate School of Arts and Sciences for the 2006-07 academic year is \$32,824. Full-time tuition in other graduate and professional schools of the University varies from a low of \$27,840 in the School of Social Work to a high of \$41,612 for D.D.S. students in the School of Dental Medicine. These tuition rates represent increases ranging from 4.5% to 5.0% over 2005-06. Since fiscal year 1982-83, tuition has accounted for approximately one-quarter of the University's total current fund revenues. Certain amounts of tuition and other student fees and charges have been pledged to secure outstanding indebtedness of the University. See "Outstanding Indebtedness; Existing Liens" below.

For the 2006-07 academic year, the undergraduate term bill (which includes tuition, room and board, and mandatory fees) is \$44,814, which represents a 5.2% increase over the prior year. Housing and food services are classified as auxiliary enterprises on the University's books of accounts and are considered separate cost centers. 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.

Financial Aid

The University's admissions and financial aid policies are designed to enable the most qualified students to attend the University, regardless of their financial circumstances. Since 1974, decisions regarding admission to Columbia College and the undergraduate classes of the School of Engineering and Applied Science have been without regard to financial need, and student packages have been made available to meet the needs of every undergraduate admitted to those schools.

Financial aid for undergraduate, graduate and professional school students is offered in the form of grants, loans and employment. In 2005-06, University students received \$173.3 million in grant aid from University sources. Through the University's tuition exemption program, students received approximately \$20.4 million in tuition waivers.

For the academic years listed below, the components of financial aid provided by the University were as follows:

	<u>FINANCIAL AID GRANTS</u>				
	(in thousands)				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Unrestricted Funds	\$ 95,043	\$103,834	\$111,464	\$111,487	\$119,292
Restricted Funds*	<u>37,666</u>	<u>40,373</u>	<u>47,088</u>	<u>51,801</u>	<u>54,036</u>
Total	\$132,709	\$144,207	\$158,552	\$163,288	\$173,328

*Include endowment income, gifts, grants and other receipts.

In 2005-06, Columbia students borrowed \$157.6 million under various federally supported programs. Federal grants to undergraduates from the Pell program and from Supplemental Educational Opportunity Grants amounted to \$6.7 million. Student earnings under the Federal College Work Study program were \$7.2 million, of which \$4.5 million was paid by the University.

Faculty

Total current full-time equivalent faculty members at the University number approximately 3,804 of which approximately 22% are tenured. The majority of the University's faculty is appointed within one of the three principal academic ranks: professor, associate professor and assistant professor. Salaries and fringe benefits paid in these ranks are competitive with comparable institutions both regionally and nationally.

The following table sets forth the faculty profile for each of the last five academic years.

FACULTY PROFILE

<u>Fiscal Year</u>	<u>Full-time Faculty</u>	<u>Part-time* Faculty</u>	<u>Total Faculty</u>	<u>Full-Time Equivalent Faculty</u>	<u>Percent of Total Faculty Tenured</u>
2006-07	3,462	1,027	4,489	3,804	22%
2005-06	3,430	1,107	4,537	3,799	19
2004-05	3,216	933	4,149	3,527	22
2003-04	3,224	933	4,157	3,535	19
2002-03	3,122	1,063	4,185	3,476	19

*Salaried only; does not include part-time unsalaried faculty or graduate students.

ANNUAL FINANCIAL STATEMENT INFORMATION

University Finances

The tables that follow are based on the audited financial statements of the University for the fiscal years 2002 through 2006, and should be read in conjunction with the audited financial statements of the University and the footnotes thereto as of June 30, 2006 and for the year then ended included in Appendix B to this Official Statement.

The following table provides a summary of the University's assets, liabilities and net assets as of June 30, 2002 through 2006:

Summary of Balance Sheet Information As of June 30, (in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Assets	\$7,412,474	\$7,718,879	\$7,876,905	\$8,864,501	\$10,083,923
Total Liabilities	<u>1,587,617</u>	<u>1,741,655</u>	<u>1,707,989</u>	<u>1,938,174</u>	<u>2,255,908</u>
Total Net Assets	\$5,824,857	\$5,977,224	\$6,168,916	\$6,926,327	\$7,828,015
Comprised of:					
Unrestricted	\$4,011,135	\$4,149,854	\$4,216,192	\$4,892,751	\$5,642,682
Temporarily Restricted	625,658	580,515	636,867	610,293	640,869
Permanently Restricted	<u>1,188,064</u>	<u>1,246,855</u>	<u>1,315,857</u>	<u>1,423,283</u>	<u>1,544,464</u>
Total Net Assets	\$5,824,857	\$5,977,224	\$6,168,916	\$6,926,327	\$7,828,015

The following table provides a summary of the revenues and other support, expenses and other increases in net assets for the years ended June 30, 2002 through 2006:

Condensed Statement of Activities
For the year ended June 30,
(in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues and Other Support					
Tuition and fees, net financial aid	\$ 357,938	\$ 404,319	\$ 434,753	\$ 467,000	\$ 519,608
Government grants and contracts	487,076	531,988	565,383	603,622	642,617
Private gifts, grants and contracts	230,986	241,056	239,734	324,320	328,757
Medical faculty practice plans	308,809	316,933	344,804	388,343	395,315
Investment income and gains utilized	229,093	232,869	233,119	264,264	296,149
Other sources	<u>394,839</u>	<u>356,780</u>	<u>399,558</u>	<u>442,729</u>	<u>527,419</u>
Total revenues and support	\$2,008,741	\$2,083,945	\$2,217,351	\$2,490,278	\$2,709,865
Expenses					
Instruction, research and educational administration	\$1,142,118	\$1,234,135	\$1,317,768	\$1,432,484	\$1,498,320
Medical faculty practice plans	305,412	316,019	345,640	361,617	369,480
Administration, library and plant operations	218,539	243,806	265,339	300,989	329,113
Other	<u>229,047</u>	<u>253,394</u>	<u>280,775</u>	<u>303,893</u>	<u>343,120</u>
Total expenses	\$1,895,116	\$2,047,354	\$2,209,522	\$2,398,983	\$2,540,033
Change in net assets from operating activities	113,625	36,591	7,829	91,295	169,832
Change in net assets from non-operating activities	(162,773)	115,776	435,662	666,116	782,599
Cumulative effect of change in accounting	<u>-</u>	<u>-</u>	<u>(251,799)</u>	<u>-</u>	<u>(50,743)</u>
Total increase (decrease) in net assets	(\$ 49,148)	\$ 152,367	\$ 191,692	\$ 757,411	\$ 901,688

The University does not believe that there has been any material adverse change in its financial affairs since the date of its last audited financial statements.

Fiscal Year 2006-2007 Operating Plan

The Operating Plan and Capital Budget for 2006-2007 was adopted by the Trustees of the University at their June 2006 meeting. The plan describes the revenue, spending and capital plans for the current year, and the parameters used to formulate the plan. Spending from the endowment, which is targeted at 5.0% of the prior year's beginning market value, fell from 4.9% in 2005-2006 to 4.5% in 2006-2007, and is currently projected to equal 4.6% in 2007-2008. The underlying financial condition of the University continues to be strong. Demand remains high as less than 10% of the 17,151 applications to Columbia College in 2006-2007 resulted in offers of admissions and more than 61% of those offers were accepted. Nearly every budget sector of the University maintains substantial operating reserves, including the fringe benefits pool, the central University budget, and most individual schools.

Capital Expenditures and Budgeting

The 2006-07 Capital Budget anticipates capital expenditures totaling \$339.8 million, including \$46.6 million to be spent on Columbia University Medical Center campus and \$35.1 million for Residential Facilities. Capital projects will be financed by a combination of unrestricted operating budget funds, borrowing, gifts and grants. The capital improvement program includes projects that address the major strategic objectives of the University.

Gifts

For the fiscal year ended June 30, 2006, total gifts amounted to \$396 million. The total is comprised of unrestricted private gifts, grants, and contracts of \$258 million, temporarily restricted gifts of \$52 million, and permanently restricted endowment gifts of \$86 million. Temporarily restricted and permanently restricted gifts include both pledges and cash gifts received. Gross pledges outstanding increased by 10% to \$252 million.

Investments

The University's investments are composed of two major components, the long-term investment portfolio and Institutional Real Estate (IRE). The University's endowment and similar funds are part of the long-term investment portfolio and include the corpus of permanently restricted gifts as well as reinvested gains and income and board-designated endowments.

The following table summarizes the audited endowment and similar funds at market value at June 30, 2002 through June 30, 2006:

	Endowment and Similar Funds				
	Market Value at June 30,				
	(in millions)				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Unrestricted	\$2,770	\$2,840	\$2,896	\$3,501	\$4,134
Temporarily Restricted	507	486	511	516	531
Permanently Restricted	<u>961</u>	<u>1,017</u>	<u>1,086</u>	<u>1,174</u>	<u>1,272</u>
Total	\$4,238	\$4,343	\$4,493	\$5,191	\$5,937

Managed Assets:

The largest portion of investments is managed by Columbia Investment Management Company, L.L.C. (CIMC), a New York limited liability company formed in 2002 by the University to manage the University's investment assets under the supervision of the Committee on Finance of the Trustees of Columbia University, and of which the University is the sole member. Assets under CIMC management totaled \$5.8 billion as of June 30, 2006, with a net return of 18.4% for the year; assets under CIMC management at June 30, 2005 were \$4.9 billion, with a net return of 17.7%.

Asset allocation of the CIMC-managed assets was as follows:

	<u>2005</u>	<u>2006</u>
Global equities	26%	25%
Hedge funds	35	42
Fixed income	12	7
Private equity	18	19
Real assets	5	8
Cash	4	1
Total	100%	100%

Annualized net returns on CIMC-managed assets compared to market indices for periods ended June 30, 2006 follows.

	Annualized Returns for Periods ended June 30, 2006			
	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Columbia Managed Assets (net)	18.4%	17.7%	11.0%	11.7%
S&P 500 (US stocks)	8.6	11.2	2.5	8.3
EAFE (foreign stocks)	26.6	23.9	10.0	6.4
Lehman Aggregate (US Bonds)	.8	2.1	5.0	6.2

Institutional Real Estate:

The IRE Portfolio, which consists of properties proximate to the Morningside Heights and Washington Heights campuses, provides housing to faculty, staff, and graduate students. Income from the rental properties in the portfolio is used to support operating costs. The IRE portfolio is carried at approximately \$309.7 million, which represents a historical cost value of \$629.4 million less related liabilities of \$319.7 million. The portfolio increased by \$34.3 million or 5.6% between June 30, 2005 and 2006, which reflects the renovation of existing properties. The University believes the estimated fair value of these properties to be substantially greater than its carrying cost.

Government Contracts and Grants

During the fiscal year ended June 30, 2006, the University recorded, through government grants and contracts, revenues of \$642.6 million, which accounted for approximately 23.9% of the University's total unrestricted operating revenues and support of \$2.69 billion for that fiscal year. These revenues included \$54.2 million relating to the 2005-2006 affiliation agreement with the New York City Health and Hospitals Corporation for Harlem Hospital Center. Of the \$54.2 million, \$53.2 million was received as reimbursement of direct costs and \$1.0 million for indirect costs. Indirect costs on government grants and contracts represent the allocation of overhead costs (library, university and departmental administration, operation and maintenance of plant, and building and equipment depreciation) to the projects funded by such grants. Total indirect costs of the University reimbursed from governmental grants and contracts were \$145.3 million in fiscal year 2005-06 and \$142.1 million in fiscal year 2004-05.

The following table sets forth the amounts received or expended and accrued from government grants and contracts for each of the past five fiscal years through June 30, 2006:

GOVERNMENT GRANTS AND CONTRACTS

<u>Year</u>	<u>Amount (in thousands)</u>
2005-06	\$642,617
2004-05	603,622
2003-04	565,383
2002-03	531,988
2001-02	487,076

The University conducts a significant amount of research funded by outside sponsors, primarily the federal government. The University expects that it will continue to receive significant amounts of federal funds supporting research. However, inasmuch as federally sponsored research is obtained through both grants and contracts, it may vary from year to year, and no assurance can be given that it will continue at the levels experienced in recent years.

The costs associated with being a major federal contractor have grown substantially. The cost of compliance with federal regulations, including the application of codes regarding building modifications, the requirements of increased record keeping, and changes in procedures governing the reimbursement of direct and indirect costs of performing sponsored research, has escalated and will continue to require considerable investment of University resources.

Outstanding Indebtedness; Existing Liens

The long-term debt of the University as of June 30, 2006 aggregated \$1.215 billion as shown in the following schedule. A portion of the University's long-term debt is secured by some type of collateral, revenue pledge or other security interest. Such secured obligations are entitled to payment in full from the collateral or revenues pledged therefor before any payments may be made by the University on its obligations under the Series 2004C Bonds.

The following table presents a summary of the indebtedness of the University as of June 30, 2006:

OUTSTANDING INDEBTEDNESS

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding (in thousands)</u>
Authority Revenue Bonds			
Series 2006A	4.75%-5.25%	2031	\$ 225,000
Series 2006B	3.25%-5.25%	2022	156,890
Series 2004A1	4.00%	2007	9,970
Series 2004A2	5.00%	2014	46,500
Series 2004B	3.00%-5.125%	2024	97,205
Series 2004C	5.00%	2029	50,000
Series 2003A	3.00%-5.125%	2024	79,355
Series 2003B	Variable, 2.18%	2028	30,000
Series 2002A	3.00%-5.25%	2014	33,205
Series 2002B	3.75%-5.375%	2024	46,945
Series 2002C	Variable, 2.39%-2.75%	2027	23,300
Series 2000A	4.10%-5.25%	2025	49,730
Series 1994A ⁽¹⁾	5.75%	2010	31,925
Series 1992 ⁽¹⁾	5.625%-5.75%	2007	4,060
Tax-exempt commercial paper, Series 1997 ⁽²⁾	Variable, 2.37%-2.93%	2015	44,295
College and University Education Loan, Series 1993 ⁽³⁾	5.35%-5.65%	2013	5,318
College and University Education Loan, Series 1992 ⁽³⁾	6.75%-6.80%	2013	4,369
U.S. Department of Education Housing Program Bonds			
1991 Issue ⁽⁴⁾	5.50%	2021	1,747
1990 Issue ⁽⁴⁾	3.00%	2020	2,170
Taxable Medium-Term Notes, Series C	6.25%-7.36%	2021	174,390
Empire State Development Corporation ⁽⁵⁾	Interest free	2029	8,821
Empire State Development Corporation ⁽⁶⁾	Interest free	2010	6,179
Economic Development Corporation ⁽⁶⁾	Interest free	2010	7,629
New Jersey Economic Development Corp. Series 2002	Variable, 2.37%-2.60%	2028	9,545
Taxable commercial paper	Variable, 3.08%-3.33%	2005	64,380
Promissory Note	8.00%	2010	3,000
Promissory Notes	11.00%	2007	1,895
			<u>\$1,214,748</u>

(1) These issues are secured by pledges of tuition and student fees and charges in amounts equal to the principal and sinking fund installments and interest coming due in any one year.

(2) The commercial paper notes are secured by a pledge of tuition and student fees and charges in each twelve month period beginning July 1 of each calendar year and ending on June 30 of the succeeding calendar year, paid or payable to the University during such period.

(3) The University is a participant with other colleges and universities in a New York State program to provide funds for student loans to students attending those institutions, or to the parents of such students. The University's share of these issues is secured by a pledge of repayments on the loans and, if necessary, by a portion of tuition and other student fees.

(4) Under the related loan agreements, dated as of February 7, 1987 and April 10, 1990, the U.S. Department of Education (the "Department") provided the University with loans of \$3.5 million and \$2.5 million, respectively, under the Department's College Housing Loan Program. Loan proceeds financed portions of the costs of the rehabilitation of certain residence halls of the University and the rehabilitation of Hamilton Hall. The loans are secured by notes and pledge and trust agreements pursuant to which marketable securities, in each case, in an amount at all times equal to or greater than the outstanding balance of the respective loan will be held in trust for the benefit of the Department. Principal and interest is being paid in level semiannual installments over the remaining term of each loan.

(5) On March 16, 1989, the New York State Empire State Development Corporation (formerly known as the New York State Urban Development Corporation ("ESDC")) provided a \$36 million loan to the University through the sale of Federally Taxable Project Revenue Bonds (Columbia University Center for Computers, Microelectronics and Telecommunications), Series 1989, for the construction of the Center for Engineering and Physical Science Research ("CEPSR"). The loan is secured by a mortgage on the CEPSR. The CEPSR is leased by the University to the State of New York and, in turn, subleased to the University. The sublease is secured by a second mortgage on the CEPSR. Under the lease, New York State is required to make rental payments equal to the total annual debt service less the University's annual rental payments under the sublease. Under the sublease, the University is required to make annual rental payments of \$910,697 for 40 years beginning March 1, 1990. Except as otherwise provided in the financing documents, recourse is limited to the CEPSR and the site of the CEPSR through the mortgage granted to ESDC and the second mortgage granted to New York State. The bonds are not obligations or debts of New York State. Rental payments by New York State are subject to annual appropriation by the New York State legislature. If New York State fails to appropriate sufficient funds and the University does not assume responsibility for New York State's payments, bondholders could cause ESDC to foreclose the mortgage securing the ESDC loan to the University.

(6) The New York City Economic Development Corporation ("EDC") and the ESDC have agreements with the University which provided the University with interest-free loans of \$10.0 million and \$8.1 million, respectively, for Phase I of the Audubon Research Park. These agreements include a long-term lease from the City of New York to the University, of the land on which Phase I is located. The public parties have the option of calling for repayment of their investment 15 years after completion of construction of the research building if non-recourse financing in the amount of \$18.1 million is available at that time. Otherwise, the public parties at their option may call for repayment 20 years, and in any event must be repaid no later than 25 years, after completion of construction. The University recorded the loans at a discounted rate of 7.0%. The difference between the face value of the loans and their present value (\$12.9 million) is recorded on the Balance Sheet as deferred grant revenue and is amortized over the life of the loan. Upon repayment by the University of the \$18.1 million invested by the public parties, the University will have the right to acquire title to the research building site for a nominal sum.

No assurance can be given that additional liens on assets and revenues of the University will not be granted to secure additional obligations of the University.

Pension Plans

Retirement benefits are provided for full-time faculty and officers under a noncontributory defined contribution plan. Contributions are determined as a percentage of each covered employee’s salary, factoring in the age and accrued service of each employee. Charges to expenditures under this plan amounted to \$57.9 million and \$65.5 million for the years ended June 30, 2005 and 2006, respectively.

The University has four noncontributory pension plans (the “Plans”) for supporting staff employees. Two of these Plans are defined benefit plans for both past and future service. The other two Plans provide defined benefits for service prior to January 1, 1976, in one case, and prior to July 1, 1976, in the other, and defined contributions for service thereafter.

All four of these Plans are subject to collective bargaining agreements. Charges to expenditures under the Plans amounted to \$8.5 million and \$9.9 million for the years ended June 30, 2005 and 2006, respectively. For additional information regarding the University’s retirement benefits and pension plans, including the value of plan assets and funding status, see Note 12 to the financial statements of the University included in Appendix B to this Official Statement.

LITIGATION

All funds expended in connection with government grants and contracts are subject to audit and claims for repayment by government agencies. From time to time, various claims and suits generally incident to the conduct of normal business are pending or may arise against the University. While the ultimate liability, if any, from such audits, claims and suits is presently not determinable, it should not, in the opinion of counsel and management, have a material effect on the University’s financial position.

PART 5 - THE 2004 PROJECT

A portion of the proceeds of the Series 2004C Bonds and the Series 2004B Bonds along with other available funds were used to finance various construction, renovation and property acquisition projects throughout the University system. The principal components of the 2004 Project included the acquisition of 455 Central Park West Towers for use as student and faculty housing, the construction of a new classroom and office building for the School of Social Work, the construction of faculty housing and the School for Children at 110th Street, the residential development of 2700 Broadway at the corner of 103rd Street, Phase IV of the Butler Library renovations, improvements to the Schermerhorn Egress on the northeast quadrant of the Morningside Heights Campus, corridor renovations to the 5th floor at the School of Public Health, improvements to the administration facilities at 615 West 131st Street, the relocation and consolidation of the Information Technology Services on the 18th Floor of Presbyterian Hospital, renovations to the physiology labs on the 11th floor of the Physicians and Surgeons Building, and upgrades to various existing Institutional Real Estate Apartments.

PART 6 - ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds

Reoffering Par Amount of the Series 2004C Bonds	\$ 48,270,000
Reoffering Premium on the Series 2004C Bonds	2,169,823
Total Sources	<u>\$ 50,439,823</u>

Uses of Funds

Purchase Price of Tendered Series 2004C Bonds	\$ 50,000,000 *
Costs of Issuance	163,807
Underwriter’s Fee	276,016
Total Uses	<u>\$ 50,439,823</u>

* An aggregate principal amount of \$48,270,000 Series 2004C Bonds will be reoffered. The \$1,730,000 balance of the Series 2004C Bonds will not be reoffered, will be retired and will no longer be Outstanding.

PART 7 - 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 March 31, 2007, the Authority had approximately \$33.6 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 March 31, 2007 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	\$ 1,975,416,000	\$ 752,200,000	\$ 0	\$ 752,200,000
State University of New York Educational and Athletic Facilities	11,351,092,999	4,804,109,869	0	4,804,109,869
Upstate Community Colleges of the State University of New York	1,366,010,000	575,980,000	0	575,980,000
Senior Colleges of the City University of New York	8,609,563,549	3,146,002,270	0	3,146,002,270
Community Colleges of the City University of New York	2,194,081,563	549,157,730	0	549,157,730
BOCES and School Districts	1,524,911,208	1,146,575,000	0	1,146,575,000
Judicial Facilities	2,161,277,717	745,382,717	0	745,382,717
New York State Departments of Health and Education and Other	3,182,915,000	2,001,240,000	0	2,001,240,000
Mental Health Services Facilities	5,682,130,000	3,720,620,000	0	3,720,620,000
New York State Taxable Pension Bonds	773,475,000	0	0	0
Municipal Health Facilities Improvement Program	913,895,000	829,085,000	0	829,085,000
Totals Public Programs	<u>\$ 39,734,768,036</u>	<u>\$ 18,270,352,586</u>	<u>\$ 0</u>	<u>\$ 18,270,352,586</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	\$ 14,187,576,020	\$ 6,764,268,039	\$ 115,998,000	\$ 6,880,266,039
Voluntary Non-Profit Hospitals	11,747,969,309	7,328,265,000	0	7,328,265,000
Facilities for the Aged	1,960,585,000	1,126,815,000	0	1,126,815,000
Supplemental Higher Education Loan Financing Program	95,000,000	0	0	0
Totals Non-Public Programs	<u>\$ 27,991,130,329</u>	<u>\$ 15,219,348,039</u>	<u>\$ 115,998,000</u>	<u>\$ 15,335,346,039</u>
Grand Totals Bonds and Notes	<u>\$ 67,725,898,365</u>	<u>\$ 33,489,700,625</u>	<u>\$ 115,998,000</u>	<u>\$ 33,605,698,625</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At March 31, 2007, the Agency had approximately \$632 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 March 31, 2007 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities	\$ 3,817,230,725	\$ 0
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program	\$ 226,230,000	\$ 3,930,000
Insured Mortgage Programs	6,625,079,927	592,999,927
Revenue Bonds, Secured Loan and Other Programs	<u>2,414,240,000</u>	<u>34,635,000</u>
Total Non-Public Programs	<u>\$ 9,265,549,927</u>	<u>\$ 631,564,927</u>
Total MCFFA Outstanding Debt	<u>\$ 13,082,780,652</u>	<u>\$ 631,564,927</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:

GAIL H. GORDON, Esq., *Chair*, Slingerlands.

Gail H. Gordon was appointed as a Member of the Authority by the Governor on May 10, 2004. Ms. Gordon served as Deputy Commissioner and General Counsel for the Office of Children and Family Services from September 15, 1997 to December 31, 2006. She previously was of counsel to the law firm of Helm, Shapiro, Anito & McCale, P.C., in Albany, New York, where she was engaged in the private practice of law. From 1987 to 1993, Ms. Gordon served as Counsel to the Comptroller of the State of New York where she directed a legal staff of approximately 40 attorneys, was responsible for providing legal and policy advice to the State Comptroller and his deputies in all areas of the State Comptroller’s responsibilities, including the supervision of accounts of public authorities and in the administration, as sole trustee, of the New York State Employees Retirement System and the Policemen’s and Firemen’s Retirement System. She served as Deputy Counsel to the Comptroller of the State of New York from 1983 to 1987. From 1974 to 1983, Ms. Gordon was an attorney with the law firm of Hinman, Howard & Kattell, Binghamton, New York, where she concentrated in areas of real estate, administrative and municipal law. Ms. Gordon holds a Bachelor of Arts degree from Smith College and a Juris Doctor degree from Cornell University School of Law. Ms. Gordon’s term expired on March 31, 2007 and by law she continues to serve until a successor shall be chosen and qualified.

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on April 26, 2004. 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 expired on March 31, 2007 and by law he continues to serve until a successor shall be chosen and qualified.

JOSE ALBERTO CORVALAN, M.D., *Secretary*, Armonk.

Dr. Corvalan was appointed as a Member of the Authority by the Governor on June 22, 2005. Dr. Corvalan is Chief of Laparoscopic Surgery at St. Vincent's Midtown Hospital in Manhattan. Dr. Corvalan is a Diplomate, American Board of Surgery, and is a Fellow of the American College of Surgeons and the New York Academy of Medicine. Dr. Corvalan has held a number of teaching positions and is Associate Professor of Surgery at New York Medical College, Valhalla, New York. His current term expires on March 31, 2008.

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-1980's. Mr. Ruder is Vice Chairman of the New York State Board of Science, Technology and Academic Research (NYSTAR), and also serves on the board of the Adirondack Council, the Scarsdale United Way, the New York Metro Chapter of the Young Presidents' Organization and 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 expires on March 31, 2009.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. 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. He is a member of the Board of Directors of Natural Health Trends Inc., a public company, where he chairs the Audit Committee. 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, 2007.

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.

ROMAN B. HEDGES, Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges currently serves as the Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means where he was responsible for the preparation of studies of the New York State economy and revenues of local government, tax policy and revenue analyses, and for negotiating revenue and local government legislation for the Assembly. Dr. Hedges 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.

KEVIN R. CARLISLE, Averill Park.

Mr. Carlisle was appointed as a Member of the Authority by the Temporary President of the Senate on January 29, 2007. After a career in public housing and business consulting, Mr. Carlisle retired in 2003 as Assistant Commissioner of the state Division of Housing and Community Renewal (“DHCR”) and Vice President of the New York State Housing Trust Fund Corporation. He was responsible for capital development programs which financed approximately 4,000 units annually, with a total development cost of \$500 million. He conceived the state’s Homes for Working Families Program, which received the 1999 Award for Program Excellence from the National Council of State Housing Finance Agencies. Similarly, Mr. Carlisle implemented the Rural Leveraging Partnership Program, which was cited as a national model by U.S. Rural Housing Services. He also served at DHCR as Director of Underwriting, Deputy Director of the Office of Rural Development, and designed the housing strategy that met the state’s off-site commitment to induce the U.S. Army’s 10th Mountain Division to locate at Fort Drum. Before he joined DHCR in 1982, Mr. Carlisle was a partner in Barrett Carlisle & Co., a real estate development and consulting firm, and served the City of Troy and the City of Cohoes in economic planning and real estate project management. Mr. Carlisle earned both a Bachelor’s degree in Economics and a Master’s degree in Urban and Environmental Studies from Rensselaer Polytechnic Institute.

RICHARD P. MILLS, *Commissioner of Education of the State of New York, Albany; ex-officio.*

Dr. Mills became Commissioner of Education on September 12, 1995. Prior to his appointment, Dr. Mills served as Commissioner of Education for the State of Vermont since 1988. From 1984 to 1988, Dr. Mills was Special Assistant to Governor Thomas H. Kean of New Jersey. Prior to 1984, Dr. Mills held a number of positions within the New Jersey Department of Education. Dr. Mills’ career in education includes teaching and administrative experience at the secondary and postsecondary education levels. Dr. Mills holds a Bachelor of Arts degree from Middlebury College and a Master of Arts, a Master of Business Administration and a Doctor of Education degree from Columbia University.

PAUL E. FRANCIS, *Budget Director for the State of New York, Westchester County; ex-officio.*

Mr. Francis was appointed Director of the Budget on January 1, 2007. As Director of the Budget, Mr. Francis heads the New York State Division of the Budget and serves as the chief fiscal policy advisor to the Governor. Mr. Francis 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. Francis also currently serves as a Senior Advisor to the Governor. Prior to his appointment to Director of the Budget and Senior Advisor to the Governor, Mr. Francis served as policy director for Governor Spitzer’s gubernatorial campaign and transition team. His private sector experience includes managing partner of the Cedar Street Group, a venture capital firm he founded in 2001; chief financial officer for Priceline.com from its formation in 1997 to 2000; chief financial officer for Ann Taylor stores from 1993 to 1997; and managing director at Merrill Lynch & Co., where he worked from 1986 to 1993. Mr. Francis is a graduate of Yale College and New York University Law School.

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.

The principal staff of the Authority is as follows:

DAVID D. BROWN, IV is the Executive Director and chief administrative and operating officer of the Authority. Mr. Brown is responsible for the overall management of the Authority's administration and operations. He previously served as Chief of the Investment Protection Bureau in the Office of the New York State Attorney General, supervising investigations of the mutual fund and insurance industries. From 2000 to 2003, Mr. Brown served as Vice President and Associate General Counsel at Goldman, Sachs & Co., specializing in litigation involving equities, asset management and brokerage businesses. Prior to that, he held the position of Managing Director at Deutsche Bank, where he served as the senior litigation attorney, managing major litigations and customer disputes. From 1994 to 1998, Mr. Brown was Managing Director and Counsel and senior litigation attorney for Bankers Trust Corporation. He holds a Bachelor's degree from Harvard College and a Juris Doctor degree from Harvard Law School.

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. 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. 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.

LORA K. LEFEBVRE is the Managing Director of Portfolio Management. She is responsible for the supervision and direction of the Authority's health care monitoring and higher education monitoring groups. Prior to joining the Authority in 1995, Ms. Lefebvre worked for the New York State Division of Budget for nine years in a number of different capacities, working in subject areas that included the State University of New York, school aid and public authority oversight. She holds a Bachelor of Arts in Political Science from Alfred University and a Master's degree in Public Administration 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.

JAMES M. GRAY, R.A., 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. He has been with the Authority since 1986, and has held

increasingly responsible positions within the Office of Construction, including Director of the State University of New York (SUNY) and Independent Institutions Construction Program. He began his public service career in 1977 in the New York State Office of General Services. He has been a registered architect in New York since 1983. Mr. Gray holds a Bachelor's degree in architecture from the New York Institute of Technology.

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 2007 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, 2006. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 8 - LEGALITY OF THE SERIES 2004C BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2004C 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 2004C Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 9 - NEGOTIABLE INSTRUMENTS

The Series 2004C 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 2004C Bonds.

PART 10 - TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2004C 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 2004C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2004C Bonds. The Authority has covenanted in the Series 2004C Resolutions and the University has covenanted in the Loan Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2004C Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the University have made certain representations and certifications in the Tax Certificate. Bond Counsel will also rely on the opinion of Counsel to the University as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Authority and the University described above, interest on the Series 2004C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2004C Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Original Issue Premium

All of the Series 2004C Bonds are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Series 2004C Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. All of the Series 2004C Bonds are callable prior to their maturity. Accordingly, the amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the period to the call date based on the purchaser’s yield to the call date and giving effect to any call premium. For purposes of determining gain or loss on the sale or other disposition of a Series 2004C Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Series 2004C Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2004C Bonds. Owners of Series 2004C Bonds are advised that they should consult with their own tax advisors with respect to the state and local consequences of owning such Series 2004C Bonds.

State Taxes

Bond Counsel is also of the opinion that, by virtue of the Act, interest on the Series 2004C Bonds is exempt 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. Bond counsel expresses no opinion as to other State of New York or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than the State of New York.

Ancillary Tax Matters

Ownership of the Series 2004C Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2004C Bonds.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Series 2004C Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2004C Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described under the caption “Tax Matters”. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2004C Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2004C Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2004C Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2004C Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2004C Bonds may occur. Prospective purchasers of the Series 2004C Bonds should consult their own tax advisers regarding such matters.

On May 21, 2007, the U.S. Supreme Court agreed to hear Davis v. Kentucky Dep’t Of Revenue of The Finance and Admin. Cabinet, 197 S.W.3d 557 (2006), a case that has questioned the permissibility under the U.S. Constitution of the Commonwealth of Kentucky providing for a state income tax exemption for interest on obligations issued by Kentucky or its subdivisions while taxing interest on obligations of other states or their subdivisions. The laws of the State of New York currently result in such differing treatment, by exempting interest on obligations of the State of New York and its subdivisions and instrumentalities while taxing the interest on obligations issued by other states or their subdivisions or instrumentalities.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2004C Bonds may affect the tax status of interest on the Series 2004C Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2004C Bonds, or the interest thereon, if any action is taken with respect to the Series 2004C Bonds or the proceeds thereof upon the advice or approval of other counsel.

PART 11 - STATE NOT LIABLE ON THE SERIES 2004C BONDS

The Act provides that notes and bonds of the Authority are not be a debt of the State nor will the State be liable thereon, nor will such notes or bonds be payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2004C Bonds are not a debt of the State and that the State is not liable on them.

PART 12 - 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 13 - LEGAL MATTERS

Certain legal matters incidental to the offering of the Series 2004C Bonds by the Authority are subject to the approval of Nixon Peabody LLP, New York, New York, Bond Counsel. 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 its counsel, Hawkins Delafield & Wood LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Clifford Chance US LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the offering or delivery of the Series 2004C Bonds or questioning or affecting the validity of the Series 2004C Bonds or the proceedings and authority under which they were issued.

PART 14 - UNDERWRITING

Lehman Brothers Inc., as representative of the Underwriters, has agreed, subject to certain conditions, to purchase the Series 2004C Bonds from the Authority at an aggregate purchase price of \$50,163,807.17 and to make a public offering of Series 2004C Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Reoffering Circular. The Underwriters will be obligated to purchase all such Series 2004C Bonds if any are purchased. The Underwriters will receive a fee of \$276,015.83 in connection with the reoffering of the Series 2004C Bonds.

The Series 2004C 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.

PART 15 - 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 2004C Bonds to provide to the Authority, on or before 165 days after the end of each fiscal year, commencing with the fiscal year of the University ending June 30, 2007, for filing by the Authority with each nationally recognized municipal securities information repository designated by the Securities and Exchange Commission in accordance with Rule 15c2-12 (each a "Repository"), and if and when one is established, the New York State Information Depository (the "State Information Depository"), on an annual basis, operating data and financial information of the type hereinafter described which is included in this Reoffering Circular (the "Annual Information"), together with the University's annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted accounting standards.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the University, the Authority has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the University, to file such information and financial statements, as promptly as practicable, but no later than three business days after receipt of the information by the Authority from the University, with each such Repository and to the State Information Depository. In addition, the Authority has undertaken, for the benefit of the holders of the Series 2004C Bonds, to provide each such Repository or to the Municipal Securities Rulemaking Board (the "MSRB"), and to the State Information Depository, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices").

The Annual Information will consist of the following: (a) operating data and financial information of the type included in this Reoffering Circular in "PART 4 - THE UNIVERSITY" under the headings "OPERATING INFORMATION" and "ANNUAL FINANCIAL STATEMENT INFORMATION" relating to: (1) *student enrollment*, similar to that set forth under the heading "ENROLLMENT SUMMARY;" (2) *student admissions*, similar to that set forth under the heading "ADMISSIONS STATISTICS;" (3) *tuition and other student charges*, similar to that set forth under the heading

“TUITION CHARGES;” (4) *financial aid*, similar to that set forth under the heading “FINANCIAL AID GRANTS;” (5) *faculty*, similar to that set forth under the heading “FACULTY PROFILE;” (6) *University finances*, unless such information is included in the audited financial statements of the University; (7) *gifts and investments*, unless such information is included in the audited financial statements of the University; (8) *government contracts and grants*, unless such information is included in the audited financial statements of the University; and (9) *outstanding 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 Notices include notices of any of the following events with respect to the Series 2004C 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 2004C Bonds; (7) modifications to the rights of holders of the Series 2004C Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2004C Bonds; and (11) rating changes. In addition, the Authority will undertake, for the benefit of the Holders of the Series 2004C Bonds, to provide to each Repository or the MSRB and to the State Information Depository, in a timely manner, notice of any failure by the University to provide the Annual Information and annual financial statements by the date required in the University’s undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement is an action to compel specific performance of the undertakings of the University and/or the Authority, and no person, including any Holder of the Series 2004C Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the University may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2004C Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2004C Bonds or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2004C Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2004C Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement does not constitute an Event of Default under the Resolution or the Loan Continuing Disclosure Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, will no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided. The description is not intended to state more than general categories of financial information and operating data. Where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement may be amended or modified without the consent of the Holders of Series 2004C Bonds under certain circumstances set forth therein. Copies of the executed Continuing Disclosure Agreement are on file at the principal office of the Authority.

PART 16 - MISCELLANEOUS

References in this Reoffering Circular to the Act, the Resolution, the Series 2004C Resolution, the Series 2004C Bond Series Certificate and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2004C Resolution, the Series 2004C Bond Series Certificate and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2004C Resolution, the Series 2004C Bond Series Certificate and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2004C Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2004C Bonds nor this Reoffering Circular is to be construed as a contract with purchasers of the Series 2004C Bonds.

Any statements in this Reoffering Circular 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 - 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 Nixon Peabody LLP, New York, New York, Bond Counsel.

The Financial Statements of the University as of and for the year ended June 30, 2006, included in Appendix B have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

The University has reviewed the parts of this Reoffering Circular describing the University, the 2004 Project, the Estimated Sources and Uses of Funds and Appendix B. The University shall certify as of the dates of sale and delivery of the Series 2004C Bonds that such parts do not contain any untrue statement of a material fact and do not omit to state any 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 Reoffering Circular by an Authorized Officer have been duly authorized by the Authority.

DORMITORY AUTHORITY OF
THE STATE OF NEW YORK

By: /s/ David D. Brown, IV
Authorized Officer

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DEFINITIONS

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DEFINITIONS

The following are definitions of certain terms 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 semi-annual 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 Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 and Title 4-B of Article 8 of the Public Authorities Law of the State, as amended);

Annual Administrative Fee means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority in an amount equal to .05% of the aggregate principal amount of Bonds issued by the Authority; provided, however, the amount payable with respect to a Series of Bonds for the Bond Year during which such Series of Bonds are issued shall be the amount determined as provided above multiplied by a fraction, the numerator of which is the number of complete calendar months remaining in such Bond Year and the denominator of which is twelve (12);

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 such 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 semi-annual period in equal daily amounts on the basis of a year of twelve 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 succeeds to the rights, powers, duties and functions of the Authority;

Authority Fee means a fee payable to the Authority consisting of all the Authority's internal costs and overhead expenses attributable to the issuance of a Series of Bonds and the construction of the Projects, as more particularly described in the Loan Agreement;

Authorized Denominations means (i) during the Initial Rate Period, any Commercial Paper Rate Period, or any Weekly Rate Period, \$100,000 or any integral multiple thereof and (ii) during any Flexible Rate Period or the Fixed Rate Period, \$5,000 or any integral multiple thereof;

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 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 Construction, the Managing Director of Public Finance, the Deputy Chief Financial Officer, the Assistant Director, the Managing Director of Public Policy and Program Development, the General Counsel, the Deputy General Counsel, the Associate General Counsel, an Assistant 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

Appendix A

such act or execute such document; (ii) in the case of an Institution, the person or persons authorized by a resolution or the by-laws of such Institution to perform any act or execute any 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, 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 such Trustee or the by-laws of such Trustee;

Available Assets means the total of all assets of the University less all permanently restricted net assets of the University; provided however, that such assets shall (i) include the corresponding assets of all related entities and affiliates of the University which are consolidated with such assets of the University in accordance with generally accepted accounting principles, and (ii) exclude the corresponding assets of all related entities and affiliates which are not legally available to the University notwithstanding that such assets are consolidated with those of the University as provided in clause (i); provided further that whenever Available Assets is required to be determined based on the University's audited financial statements, total assets and permanently restricted net assets shall be as shown on such financial statements with such adjustments as shall be appropriate to reflect the inclusion and exclusion of related entities and affiliates as required by the preceding proviso;

BMA Municipal Index means the BMA Municipal Swap Index disseminated by Municipal Market Data, a Thomson Financial Services Company or its successor; or, if at the time a Flexible Rate is to be determined Municipal Market Data has not provided the relevant information on the BMA Municipal Index for the most recent Thursday, then the rate determined by Municipal Market Data on the Thursday next preceding the beginning of the Flexible Rate Period for which such Flexible Rate is to be determined;

Bond or *Bonds* means any of the bonds of the Authority authorized pursuant to the Resolution and issued pursuant to the Resolution and to a Series Resolution;

Bond Counsel means Nixon Peabody LLP or an attorney or a 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 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 or *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 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; provided that, with respect to Option Bonds or Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the Facility Provider of a Credit Facility or Liquidity Facility for such Bonds 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 therefor 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;

Contract Documents means any general contract or agreement for the construction of a Project, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, 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 a Project, and any amendments to the foregoing;

Construction Fund means the fund so designated, created and established for a Project pursuant to a Series Resolution;

Conversion Date means the day on which the interest rate on the Series 2004C Bonds shall be converted from one Rate Mode to a different Rate Mode or was proposed to be converted from one Rate Mode to another Rate Mode, which date must be a Reset Date or an Interest Payment Date;

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 Bonds, commitment fees or similar charges relating to a Credit Facility, or a Liquidity Facility, an Interest Rate Exchange Agreement or a Remarketing Agent, costs and expenses of refunding 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 a Project means when used in relation to a Project the costs and expenses or the refinancing of 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 moneys borrowed from parties other than the University), (viii) interest on the Bonds 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 Agreement, a Credit Facility, a Liquidity Facility, or a remarketing agreement in connection with Option Bonds or Variable Interest Rate Bonds;

Credit Facility means an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement issued or extended by a bank, a trust company, a national banking association, 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, 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 saving and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, 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, pursuant to which the Authority is entitled to obtain moneys to pay the principal, Redemption Price of Bonds due in accordance with their terms of Redemption or tendered for purchase or redemption, plus accrued interest thereon to the date of payment or redemption thereof in accordance with the Resolution and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, whether or not the Authority is in default under the Resolution;

Debt means indebtedness for borrowed money, whether or not evidenced by Notes, bonds, debentures or other similar evidences of indebtedness, or any guarantee of indebtedness for borrowed money, including indebtedness under purchase money mortgages, capital leases, installment sales contracts and similar security arrangements which appear as debt on the audited balance sheet of the University;

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Debt Service Fund means the fund so designated, created and established pursuant to the Resolution;

Defeasance Security means (a) a direct obligation of the United States of America, (b) an obligation the principal of and interest on which are guaranteed by the United States of America (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (c) an obligation to which the full faith and credit of the United States of America is pledged (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (d) 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, obligations described in clause (a), (b) or (c) or (e) an Exempt Obligation, direct obligations of the United States of America, which, in each case, is not subject to redemption prior to maturity other than at the option of the holder thereof or which has been irrevocably called for redemption on a stated future date or (i) which 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) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or direct obligations of the United States of America 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) which are rated by each Rating Service in the highest rating category of each Rating Service for such Exempt Obligation; *provided, however,* that (1) such term shall not mean any interest in a unit investment trust or mutual fund and (2) no such obligation shall be subject to redemption prior to maturity other than at the option of the holder thereof;

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 semi-annually on July 1 and January 1 during each Bond Year;

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;

Exempt Obligation means 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 (i) excludable from gross income under Section 103 of the Code, (ii) 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 lowest rating on Outstanding Bonds assigned by each Rating Service or, if such obligation is not rated by a Rating Service, has been assigned a comparable rating by another national recognized Rating Service;

Facility Provider means the issuer of a Credit Facility or a Liquidity Facility delivered to the Trustee pursuant to the Resolution;

Fitch means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns;

General Liabilities means total liabilities of the University; provided, however, that total liabilities of the University shall (i) include the total liabilities of all related entities and affiliates of the University which are consolidated with the total liabilities of the University in accordance with generally accepted accounting principles, and (ii) exclude the total liabilities of all related entities and affiliates with respect to which the University is not legally obligated notwithstanding that such total liabilities are consolidated with those of the University as provided in clause (i); provided further that whenever General Liabilities is required to be determined based on the University’s audited financial statements, total

liabilities of the University shall be as shown on such financial statements with such adjustments as shall be appropriate to reflect the inclusion and exclusion of related entities and affiliates as required by the preceding proviso;

Government Obligation means a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America, an obligation (other than an obligation the payment of the principal of which is not fixed as to amount or time or payment) to which the full faith and credit of the United States of America are pledged, an obligation of any federal agency approved by the Authority, and 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, direct obligations of the United States of America or a share or interest in a mutual fund, partnership or other fund wholly comprised of such obligations provided, however, that such terms shall not include any obligation subject to variation in principal repayment;

Gross Proceeds means, with respect to any of the Bonds, the gross proceeds of such Bonds, as such term is defined or used in the Code as it applies to such Bonds;

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 in 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 semi-annually thereafter on July 1 and January 1 of each Bond Year;

Investment Agreement means an agreement for the investment of moneys with a Qualified Financial Institution;

Liens means any mortgage, pledge, lien, charge, security interest or lease in the nature thereof (including any conditional sale agreement, equipment trust agreement or other title retention agreement) or other encumbrance of whatsoever nature;

Liquidity Facility means an irrevocable letter of credit, surety bond, loan agreement, standby purchase agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, 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, 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 any state of the United States of America, 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, pursuant to which the Authority is entitled to obtain moneys upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase in accordance with the terms of the Resolution and of the Series Resolution authorizing such Bonds or a Bond Series Certificate relating to such Bonds;

Loan Agreement means the Loan Agreement, dated as of September 27, 2000, executed by and between the Authority and the University, in connection with the issuance of the Bonds, as the same shall have been heretofore or hereafter amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement;

Mandatory Tender Date means any date on which the Series 2004C Bonds are required to be purchased in accordance with the Bond Series Certificate;

Maximum Rate means the lesser of twelve percent (12%) per annum and the maximum rate permitted by law;

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;

Moody's means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns;

Option Bond means any Bond 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 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;

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Optional Tender Date means (i) in the case of a Series 2004C Bond in the Weekly Rate Mode, any Business Day, or (ii) in the case of a Series 2004C Bond in the Commercial Paper Rate Mode or the Flexible Rate Mode, the Reset Date;

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 authorizing such Bond or the Bond Series Certificate relating to such Bond;

Paying Agent means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

Project means a “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described in the Series Resolution authorizing the issuance of Bonds in connection with such Project;

Qualified Financial Institution means (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (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 any state of the United States of America, (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 or (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; *provided, however*, that in the case of any entity described in (ii) or (iii) above, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time an Investment Agreement is entered into by the Authority are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, “A” or better by each Rating Service, or, if such obligations are not rated by a Rating Service, have been assigned a comparable rating by another nationally recognized rating service; *provided, however*, in no event shall such obligations be rated lower than the lowest rating assigned by a Rating Service to any Outstanding Bonds;

Rating Service means each of Moody’s Investors Service, Inc., S&P, Fitch, and each other rating service, 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 a Series Resolution authorizing Variable Interest Rate Bonds or Option Bonds or a Bond Series Certificate relating thereto provides otherwise with respect to such Variable Interest Rate Bond or Options 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 remarketing agent, if any, appointed and serving in such capacity pursuant to the Bond Series Certificate or any successor remarketing agent;

Reset Date means, with respect to any Bonds bearing interest at a Commercial Paper Rate, Weekly Rate or Flexible Rate, the date on which the interest rate borne by such Bonds shall be determined in accordance with the provisions of the Bond Series Certificate;

Resolution means the Columbia University Revenue Bond Resolution, adopted by the Authority on September 27, 2000, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution;

Restricted Property means any of the University's assets;

Revenues means all payments received or receivable by the Authority pursuant to the Loan Agreement, which are to be paid to the Trustee (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Arbitrage Rebate Fund);

S&P means Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns;

Securities means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) any bond, debenture, note, preferred stock or other similar obligation of any corporation incorporated in the United States, which security, at the time an investment therein is made or such security is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, no lower than in the second highest rating category by each Rating Agency or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and (v) common stock of any corporation incorporated in the United States of America whose senior debt, if any, at the time an investment in its stock is made or its stock is deposited in any fund or account established under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, no lower than in the second highest rating category by each Rating Agency or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority;

Serial Bonds means the Bonds so designated in a Series Resolution or a Bond Series Certificate;

Series means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to the 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 or other provisions;

Series 2004C Resolution means the Columbia University Series 2004C Resolution Authorizing Up To \$150,000,000 Series 2004C Bonds, adopted by the Authority pursuant to the Resolution on May 26, 2004;

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

Short Term Debt means, Outstanding Option Bonds or Debt of the University, other than Debt of the University payable to the Authority, (i) which Debt is payable upon demand, (ii) twenty percent (20%) or more of the original principal amount of which Debt is payable in any Bond Year prior to the Bond Year during which Bonds are no longer Outstanding, or (iii) the principal amount of which is payable prior to maturity at the option of the holder thereof (other than upon acceleration upon an event of default) prior to the Bond Year during which Bonds are no longer Outstanding, including any note, bond, debenture or other evidence of indebtedness of the University which may be tendered to the University at the option of the holder thereof for purchase, payment or redemption prior to maturity; provided that such term shall not include Debt less than twenty percent (20%) of the original principal amount of which is payable during each of the then current and the immediately succeeding two (2) Bond Years and Debt which is not payable prior to maturity at the option of the holder thereof during the then current or either of the immediately succeeding two (2) Bond years;

Sinking Fund Installment means, as of any date of calculation, when used with respect to any Bonds of a Series, other than Option Bonds or Variable Rate Bonds, so long as such Bonds are Outstanding, the amount of money required by

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the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating to such Bonds, to be paid on a single future July 1 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 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 to such Bonds, to be paid on a single future date for the retirement of any Outstanding Option Bonds or Variable Interest Rate 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 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, 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 of the Resolution;

Tax Certificate means the “Tax Certificate as to Arbitrage and the Provisions of Section 141 through 150, inclusive, of the Internal Revenue Code of 1986” executed by an Authorized Officer of the Authority in connection with and relating to the issuance of a Series of Bonds, including the appendices, schedules and exhibits thereto, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the lien of said certificate, in each case as the same may be amended or supplemented;

Tendered Bond means a Series 2004C Bond or portion thereof of an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the Bond Series Certificate, including a Series 2004C Bond or portion thereof deemed tendered, but not surrendered on the applicable Optional Tender Date or Mandatory Tender Date;

Term Bonds means the Bonds 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, 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 The Trustees of Columbia University in the City of New York, a corporation duly organized and existing under the laws of the State, which is 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; and

Valuation Date means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Series Resolution authorizing such Capital Appreciation Bond or in the Bond Series Certificate relating to such Bond on which specific Accreted Values are 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.

**FINANCIAL STATEMENTS OF
COLUMBIA UNIVERSITY
AND INDEPENDENT AUDITORS' REPORT**

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Price waterhouse Coopers LLP
Price waterhouse Coopers Center
300 Madison Avenue
New York NY 10017
Telephone (646) 471 3000
Facsimile (813) 286 6000

Report of Independent Auditors

To The Trustees of Columbia University in the City of New York:

In our opinion, the accompanying balance sheet and the related statements of activities and cash flows present fairly, in all material respects, the financial position of The Trustees of Columbia University in the City of New York (the "University") at June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's June 30, 2005 financial statements, and in our report dated September 21, 2005, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements 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 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 14, the University adopted the provisions of FASB Interpretation No. 47 and changed its method of accounting for conditional asset retirement obligations.

Price Waterhouse Coopers LLP

September 13, 2006

Balance Sheet

At June 30, 2006, with Comparative June 30, 2005, Totals (in thousands of dollars)

	Total 2006	Total 2005
Assets		
Cash and cash equivalents	\$482,587	\$374,350
Accounts receivable, net:		
Government agencies	75,070	77,795
Patient receivables	73,132	83,911
Other	155,239	156,729
Investment income receivable, net	1,662	4,377
Receivable for securities sold	55,490	39,349
Pledges receivable, net	207,803	175,959
Student loans receivable, net	75,721	74,186
Investments, at market	6,097,245	5,215,675
Institutional real estate	629,368	610,363
Cash and securities held in trust by others	127,039	5,080
Land, buildings, and equipment, net	1,786,303	1,751,049
Other assets	68,457	62,331
Net assets held by CPMC Fund, Inc.	112,255	99,450
Interest in perpetual trusts held by others	136,552	133,897
Total assets	\$10,083,923	\$8,864,501
Liabilities		
Accounts payable and accrued expenses	\$335,868	\$305,427
Liabilities for securities purchased	24,799	37,710
Liabilities for securities sold, but not yet purchased	171,276	126,265
Prepaid tuition and other deferred credits	54,304	67,920
Deferred revenue and unamortized bond premium	66,423	41,582
Refundable advances	68,056	70,460
Capital lease obligations	76,025	74,171
Conditional asset retirement obligations	58,204	
Accrued employee benefit liabilities	92,565	88,577
Federal student loan funds	66,503	66,233
Actuarial liability for split-interest agreements	27,137	27,365
Bonds and notes payable	1,214,748	1,032,464
Total liabilities	2,255,908	1,938,174
Net assets		
Unrestricted	5,642,682	4,892,751
Temporarily restricted	640,869	610,293
Permanently restricted	1,544,464	1,423,283
Total net assets	7,828,015	6,926,327
Total liabilities and net assets	\$10,083,923	\$8,864,501

See accompanying notes to financial statements.

Statement of Activities

For the Year Ended June 30, 2006, with Comparative June 30, 2005, Totals (in thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2006	Total 2005
Operating activities					
Revenues and support					
Tuition and fees	\$692,936			\$692,936	\$630,288
Less financial aid grants	(173,328)			(173,328)	(163,288)
Net tuition and fees	519,608			519,608	467,000
Government grants and contracts:					
Direct	497,351			497,351	461,551
Indirect	145,266			145,266	142,071
Private gifts, grants, and contracts:					
Direct	250,421	\$70,342		320,763	316,909
Indirect	7,994			7,994	7,411
Revenue from other educational and research activities	419,826			419,826	338,655
Medical faculty practice plan income	395,315			395,315	388,343
Investment income and gains utilized	295,432	717		296,149	264,264
Sales and services of auxiliary enterprises	95,116			95,116	92,438
State aid	3,076			3,076	2,932
Other sources	9,401			9,401	8,704
Net assets released from restrictions	46,383	(46,383)			
Total operating revenues and support	2,685,189	24,676		2,709,865	2,490,278
Expenses					
Instruction and educational administration	1,120,584			1,120,584	1,064,127
Research	377,736			377,736	368,357
Medical faculty practice plan expense	369,480			369,480	361,617
Library	57,748			57,748	55,513
Operation and maintenance of plant	130,343			130,343	117,219
Institutional support	141,022			141,022	128,257
Auxiliary enterprises	85,586			85,586	84,683
Depreciation expense	131,847			131,847	139,979
Interest expense	46,335			46,335	41,812
Other	79,352			79,352	37,419
Total expenses	2,540,033			2,540,033	2,398,983
Change in net assets from operating activities	145,156	24,676		169,832	91,295
Nonoperating activities					
Endowment gifts			\$112,454	112,454	85,903
Current year realized and unrealized capital gains (losses)	684,546	56,376	3,708	744,630	710,037
Endowment appreciation utilized	(81,722)	(9,722)		(91,444)	(136,226)
Change in net assets held by CPMC Fund, Inc.	9,942		2,863	12,805	8,063
Change in funds held by others in perpetuity			2,655	2,655	9,974
Present value adjustment to split- interest agreements	2,367	(1,917)	(499)	(49)	(1,399)
Additional minimum pension liability	10,236			10,236	(10,236)
Other	(8,688)			(8,688)	
Net assets released from restrictions	38,837	(38,837)			
Change in net assets from nonoperating activities	655,518	5,900	121,181	782,599	666,116
Change in net assets before cumulative effect of change in accounting	800,674	30,576	121,181	952,431	757,411
Cumulative effect of change in accounting for FIN 47	(50,743)			(50,743)	
Change in net assets after cumulative effect of change in accounting	749,931	30,576	121,181	901,688	757,411
Net assets at beginning of year	4,892,751	610,293	1,423,283	6,926,327	6,168,916
Net assets at end of year	\$5,642,682	\$640,869	\$1,544,464	\$7,828,015	\$6,926,327

See accompanying notes to financial statements.

Statement of Cash Flows

For the Year Ended June 30, 2006, with Comparative June 30, 2005, Totals (in thousands of dollars)

	Total 2006	Total 2005
Cash flows from operating activities		
(Includes adjustments to reconcile change in net assets to net cash provided by operating activities):		
Change in net assets	\$901,688	\$757,411
Cumulative effect of change in accounting for FIN 47	50,743	
Depreciation expense	131,847	139,979
Interest on capital lease obligations	2,949	2,472
Institutional real estate depreciation	13,877	11,406
Realized and unrealized (gains) losses	(744,630)	(710,037)
Contributions restricted for permanent investment, plant, and split-interest agreements	(129,454)	(89,396)
Present value adjustments to split-interest agreements	49	1,399
Accreted interest on bonds	2,420	2,531
Investment income net of payments on split-interest agreements	900	1,377
Change in fair value of net assets held by CPMC Fund, Inc.	(12,805)	(8,063)
Change in fair value of interest in perpetual trusts held by others	(2,655)	(9,974)
Change in operating assets and liabilities:		
Accounts receivable, net	14,994	15,109
Investment income receivable, net	2,715	2,094
Pledges receivable, net	(31,844)	(15,953)
Other assets	(6,126)	(310)
Accounts payable and accrued expenses	30,164	42,065
Prepaid tuition and other deferred credits	(13,616)	3,917
Deferred revenue and unamortized bond premium	24,841	4,489
Refundable advances	(2,404)	(24,936)
Accrued employee benefit liabilities	3,988	901
Net cash provided by operating activities	237,641	126,481
Cash flows from investing activities		
Proceeds from sale of investments	3,766,911	1,957,334
Purchases of investments	(3,887,892)	(1,990,424)
Collections from student notes	16,153	13,321
Student notes issued	(17,688)	(18,069)
Investment in cash and securities held in trust by others	(122,499)	60,652
Purchases of institutional real estate	(35,471)	(105,738)
Purchases of plant and equipment	(148,814)	(224,148)
Net cash used by investing activities	(429,300)	(307,072)
Cash flows from financing activities		
Proceeds from contributions for:		
Investment in endowment	95,820	76,546
Investment in plant	31,989	10,026
Investment in split-interest agreements	1,645	2,824
Investment income on split-interest agreements	1,956	1,841
Payments on split-interest agreements	(2,856)	(3,218)
Payments on capital lease obligations	(9,332)	(7,399)
Repayment of bonds and notes payable	(203,921)	(81,492)
Proceeds from bond issuance	384,325	46,500
Net change in federal student loan funds	270	1,281
Net cash provided by financing activities	299,896	46,909
Net change in cash and cash equivalents	108,237	(133,682)
Cash and cash equivalents at beginning of year	374,350	508,032
Cash and cash equivalents at end of year	\$482,587	\$374,350
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$57,396	\$50,251

See accompanying notes to financial statements.

Notes to the Financial Statements for the Year Ended June 30, 2006

(All amounts are in thousands of dollars, unless otherwise noted.)

1. Organization

The Trustees of Columbia University in the City of New York (the "University") is a private, nonsectarian, nonprofit institution of higher education whose activities are concentrated at two locations in New York City and extend around the globe. The University provides instruction through sixteen undergraduate, graduate, and professional schools. It operates a variety of research institutes and a library system to support its teaching, learning, and research activities. The University performs research, training, and other services under grants and contracts with agencies of the federal government and other sponsoring organizations. The University enrolls approximately 24,400 full-time and part-time students and employs approximately 13,200 full-time employees, including 4,900 full-time faculty members. Of the full-time faculty members, 1,011 hold positions in the arts and sciences; 3,024 hold medical-faculty positions; and the remainder hold positions in the other professional schools.

The University is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code.

2. Columbia University Medical Center

Columbia University Medical Center ("CUMC"), a division of the University, located in the Washington Heights section of northern Manhattan, is one of the largest academic medical centers in the United States. It is composed of four schools: the College of Physicians and Surgeons, the Mailman School of Public Health, the College of Dental Medicine, and the School of Nursing. CUMC's activities also include extensive patient care services provided by its faculty members.

CUMC has three primary areas of focus: scientific research, education, and patient care. CUMC offers a wide variety of degrees, certifications, and continuing education in the health care field. Sponsored research, faculty patient care services, medical service agreements, tuition, endowment income, patent royalties, and gifts provide the bulk of CUMC's revenues. Approximately 3,300 students are enrolled at CUMC with a full-time faculty of 2,172, of whom approximately 250 are tenured. Additionally, CUMC's staff includes 3,169 part-time faculty instructors; 1,222 full-time researchers; and 848 part-time researchers. Approximately 70 percent of the full-time faculty and 55 percent of the part-time faculty hold clinical appointments and have admitting privileges at NewYork-Presbyterian Hospital ("NYPH") or other hospitals.

CUMC maintains several clinical and education affiliation agreements with other organizations. The most significant affiliation agreements are with NYPH, Harlem Hospital, and St. Luke's-Roosevelt Hospital Center. Revenues and expenses from these agreements are accounted for in the operating activities segment of the Statement of Activities.

Medical Faculty Practice

During the year, full-time and part-time clinical faculty handled more than 1.3 million outpatient and emergency room visits and participated in instruction and supervision for 600 University medical students and 800 residents and fellows at NYPH. (Most hospital residents and fellows are not enrolled University students.) CUMC physicians generated 63,000 NYPH hospital admissions during the year. In addition, certain faculty physicians provide patient care and supervision of residents at other local hospitals. Payments

(All amounts are in thousands of dollars, unless otherwise noted.)

for patient care services provided by full-time faculty are derived mainly from third-party payers, including managed care companies (60 percent), Medicare (16 percent), commercial insurance (6 percent), Medicaid (3 percent), direct patient payments (12 percent), and other (3 percent).

3. Summary of Significant Accounting Policies

The significant accounting policies of the University are as follows:

Basis of Consolidation

The accompanying financial statements of the University include the accounts of all academic and administrative departments of the University. Additionally, the financial statements include the net assets and activities of the following entities, for which the University maintains managerial and financial control:

- Columbia Investment Management Company L.L.C.—Columbia Investment Management Company LLC (“CIMC”) is a New York limited liability company formed by the University to manage the University’s investment assets under the supervision of a board appointed by the Trustees of the University, and subject to the oversight of the Committee on Finance of the Trustees.
- Columbia University Press—Columbia University Press is a not-for-profit corporation formed to promote the study of economic, historical, literary, philosophical, scientific, and other subjects and to encourage and promote the publication of literary works embodying original research in such subjects.
- Reid Hall Inc.—Reid Hall, Inc., located in Paris, France, was donated to the University in 1964. Reid Hall Inc., a corporation organized under New York membership corporation law as an educational and charitable organization, operates Reid Hall to promote, facilitate, and aid the educational, cultural, and social interests of students studying in France.
- The University holds nine New York limited liability companies, one Delaware not-for-profit corporation, and one Swaziland not-for-profit company to facilitate various program objectives in Africa.

The University provides custodial services and manages all of the assets of Columbia Presbyterian Medical Center Fund, Inc. (“CPMC Fund, Inc.”), a not-for-profit corporation that exists to solicit gifts for the University and NYPH. The financial statements reflect the University’s interest in the net assets of CPMC Fund Inc. as well as the assets and amounts due NYPH.

The University is also the sole corporate member of two not-for-profit physician private practice entities, Columbia Ophthalmology Consultants Inc. and Columbia University Healthcare Inc. and, as such, consolidates these entities into the University’s financial statements.

All significant intercompany accounts have been eliminated in consolidation.

Accrual Basis

The financial statements of the University have, in all material respects, been prepared on an accrual basis.

Basis of Presentation

The University maintains its accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are consistent with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For reporting purposes, the University prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, as such, with the provisions of Statement of Financial Accounting Standards No. 117 (SFAS No. 117), *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into three categories of net assets—unrestricted, temporarily restricted, and permanently restricted. Descriptions of the three net asset categories and the type of transactions affecting each category follow.

Unrestricted—Net assets that are not subject to donor-imposed restrictions. This category includes unrestricted gifts, certain endowment income balances, certain board designated-endowment principal balances including capital appreciation on such balances, certain plant funds, University-designated loan funds, and other unrestricted designated and undesignated current funds.

Temporarily restricted—Net assets that are subject to legal or donor-imposed stipulations that will be satisfied either by actions of the University, the passage of time, or both. These net assets include gifts donated for a particular purpose, amounts subject to time restrictions such as funds pledged for future payment, or amounts subject to legal restrictions such as portions of otherwise unrestricted capital appreciation, which must be reported as temporarily restricted in accordance with New York law. Once restrictions are satisfied, those temporarily restricted net assets are released from restrictions, except for temporarily restricted revenue earned and expended in the same fiscal year, which is recorded as unrestricted revenue.

Permanently restricted—Net assets that are subject to donor-imposed stipulations that will be invested to provide a perpetual source of income to the University. Donors of these assets require the University to maintain and invest the original contribution in perpetuity but permit the use of some or all investment earnings for operating or other purposes.

Revenues and Expenses

Revenues are reported as increases in unrestricted net assets unless the use of those assets 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 stipulation or by law.

Tuition and Fees and Financial Aid

Tuition and fees are derived from degree programs as well as executive and continuing education programs. Tuition and fee revenue are recognized as operating income in the period in which it is earned. Tuition and fee receipts received in advance are recorded as deferred revenue. Net tuition and fees are computed after deducting certain scholarships and fellowships awarded to students. In order to assist students in meeting tuition and other costs of attendance, the University administers a variety of federal, state, institutional, and private programs. Financial aid packages to students may include direct grants, loans, and employment during the academic year.

(All amounts are in thousands of dollars, unless otherwise noted.)

Contributions

Contributions, including unconditional promises to give ("pledges"), are recognized as operating revenue in the period earned. Pledges that are expected to be collected within one year are recorded at their net realizable value. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those pledges are computed using a risk-free interest rate applicable to the year in which the promise was received. Subsequent years' accretion of the discount is included in contribution revenue. Conditional promises to give are not recognized as revenue until such time as the conditions are substantially met.

Medical Faculty Practice Plan Income

The University provides medical care to patients via faculty in CUMC, primarily under agreements with third-party payors. Agreements with third-party payors, including health maintenance organizations, provide payment for medical services at amounts different from standard rates established by the University. Medical faculty practice plan revenue is reported net of two items: (a) contractual allowances from third-party payors for services rendered and (b) estimates of uncollectible amounts.

Grant and Contract Income

The University receives grant and contract income from governmental and private sources. The University recognizes revenue associated with the direct costs of sponsored programs as the related costs are incurred. Recovery of facilities and administrative costs of federally sponsored programs are at reimbursement rates negotiated with the University's cognizant agency, the Department of Health and Human Services. The University and the federal government are currently operating under an agreement that provides for facilities and administrative cost rates under federal grants and contracts through June 30, 2007.

Research and Development

The University engages in numerous research and development projects, partially or fully sponsored by governmental and private funds. These costs are charged to operating expense as incurred. The University periodically funds and develops patents for certain technologies, then licenses the usage of these patents to companies over several years. The revenue is recorded in revenue from other educational and research activities in the Statement of Activities. Costs incurred with developing and maintaining these patents are expensed as incurred.

Cash and Cash Equivalents

Cash and cash equivalents are recorded at fair value and include several depository accounts, checking accounts, institutional money market funds, and similar temporary investments with maturities of three months or less at the date of purchase.

Investments

The University's investments, consisting of publicly traded fixed income and equity securities, alternative investments and cash held for reinvestment, are stated at fair value as of June 30. Alternative investments include hedge fund investments ("Hedge Funds") and private equity and real estate investments ("Private Equity Funds"). The management of the respective fund provides the fair value of the investment.

The University believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2006. Because alternative investments are not marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on the University's proportionate share in the net assets of these investments.

Securities sold, but not yet purchased, represent obligations of the University to deliver specified securities at contracted prices and thereby create a liability to repurchase the securities at prevailing future market prices. Accordingly, these transactions result in off-balance-sheet risk, as the University's ultimate obligation to satisfy the sale of securities sold, but not yet purchased, may exceed the amount recognized in the financial statements.

The University records purchases and sales of securities on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the Statement of Activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Split-interest Agreements

The University's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and irrevocable charitable remainder trusts for which the University serves as custodian and trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

Contribution revenues for split-interest agreements are recognized at the dates the agreements are established net of the present value of the estimated future payments to be made to the beneficiaries, if applicable, under these agreements. Assets related to these agreements are recorded in "Investments, at market," and the liability for the net of the present value of the estimated future payments to be made to the beneficiaries is recorded in "Actuarial liability for split-interest agreements." Adjustments to the fair value of these agreements are recorded in the Statement of Activities under "Present value adjustment to split interest agreements."

Institutional Real Estate

Institutional real estate consists of properties proximate to the University's Morningside and Washington Heights campuses, the primary purpose of which is to house faculty, staff, and graduate students. The income earned on this investment is used primarily to finance operating expenditures. The properties are valued at cost and depreciated over a useful life of fifty years.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated on a straight-line basis over useful lives ranging from ten to forty years for buildings and improvements and five to twenty years for equipment, consistent with the method used for government cost reimbursement purposes. Capitalized software costs are amortized over seven years. Upon disposal of assets, the costs and accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(All amounts are in thousands of dollars, unless otherwise noted.)

Other Assets

Prepaid expenses, bond issuance costs, and the University's equity in the Medical Center Insurance Company ("MCIC") are categorized within other assets. Bond issuance costs are amortized over the expected holding period of the specific debt issue.

Collections

Collections at the University include works of art, literary works, historical treasures, and artifacts that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are not recognized as assets on the Balance Sheet. Costs associated with purchasing additions and maintaining these collections are recorded as operating expenses in the period in which the items are acquired.

Interest in Perpetual Trusts Held by Others

The University is the beneficiary of certain perpetual trusts administered by others. These trusts are recognized as permanently restricted contributions upon establishment and adjusted to fair value each year.

Capital Lease Obligations

Capital lease obligations are recognized for equipment and space where substantially all of the risks of ownership have been transferred to the University. The obligations extend up to five years for equipment and up to fifty years for space.

Conditional Asset Retirement Obligations

Conditional asset retirement obligations, as adopted on June 30, 2006, under Financial Accounting Standards Board ("FASB") Interpretation No. 47 ("FIN 47"), Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143), are recognized for remediation or disposal of asbestos, underground storage tanks, and radioactive sources and equipment as required by law. The fair value of the liability for a conditional asset retirement obligation is recognized in the period in which it occurred provided that it can be reasonably estimated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include valuation of investments without readily determinable public markets, actuarially determined costs associated with split-interest agreements, pension, postemployment and postretirement benefits, contractual allowances for patient receivables, and allowances for doubtful accounts.

2005 Presentation

While comparative information is not required under GAAP, the University believes that this information is useful and has included summarized financial information from the financial statements for 2005. This summarized information is not intended to be a full presentation in conformity with GAAP, which would require certain additional information. Accordingly, such information should be read in conjunction with

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the University's audited financial statements for the year ended June 30, 2005. In addition, certain amounts in the summarized financial statements for fiscal year 2005 have been reclassified to conform to the fiscal year 2006 presentation.

4. Operating Measurement

The University divides its Statement of Activities into operating and nonoperating activities. The operating activities of the University include all income and expenses related to carrying out its educational and research mission. Operating revenues include investment income and endowment appreciation utilized to fund current operations, the largest portion of which is the distribution of funds budgeted in accordance with the endowment spending rule.

Nonoperating activities include current year realized and unrealized gains on investments less amounts withdrawn from endowment appreciation to fund operations. Nonoperating activities also include new gifts to permanently restricted endowments, changes in net assets held by CPMC Fund, Inc., changes in perpetual trusts held by others, changes in additional minimum pension liability, and present value adjustments to split interest agreements.

5. Long-term Investments

The following is a summary of the University's investments as of June 30:

	Fair Value	
	2006	2005
U.S. public equities and U.S. equity mutual funds	\$541,494	\$509,977
Foreign public equities and foreign equity mutual funds	763,108	828,911
Private equity (limited partnerships)	1,635,273	1,200,635
Hedge funds (limited partnerships and corporations)	2,731,938	1,624,968
Fixed income and fixed-income mutual funds	294,834	639,105
Cash held for reinvestment	235,939	502,476
Other	897	1,816
Total investment portfolio	6,203,483	5,307,888
Investments included above and held for CPMC Fund, Inc.	(106,238)	(92,213)
Investments, at market	\$6,097,245	\$5,215,675
Additional balance sheet information		
Receivable for securities sold	\$55,490	\$39,349
Liabilities for securities purchased	(24,799)	(37,710)
Liabilities for securities sold, not yet purchased	(171,276)	(126,265)

U.S. Public Equities and Mutual Funds and Foreign Public Equities and Mutual Funds

The fair value of publicly traded fixed income, equity securities, and derivatives investments are based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof). If an investment is restricted, the

(All amounts are in thousands of dollars, unless otherwise noted.)

University may discount the price to reflect the nature of the restriction. Fees paid to investment managers are netted against investment income.

Alternative Investments

Alternative investments include interests in private equity and hedge funds. Since private equity and some hedge funds do not have readily ascertainable market values and may be subject to withdrawal restrictions, the University values these investments in accordance with valuations provided by the general partners of the underlying partnerships. The University's management may consider other factors in assessing the fair value of these investments.

As a rule, the general partners of private equity funds initially value investments held by the funds at cost and require that changes in value be established by meaningful third-party transactions or a significant impairment in the financial condition or operating performance of the issuer, unless meaningful developments occur that otherwise warrant a change in the valuation of an investment. Such values usually represent the University's proportionate share of the net assets of the private equity funds as reported by the general partners of the underlying partnerships. The values of the investments in the underlying partnerships are increased by additional contributions to the underlying partnerships and the University's share of net earnings from the underlying partnerships and decreased by distributions from the underlying partnerships and the University's share of net losses from the underlying partnerships.

Hedge funds are also valued in accordance with valuations provided by the general partners of the underlying partnerships. Some hedge funds do not have readily ascertainable market values and may be subject to withdrawal restrictions. The fair value of the hedge funds represents the amount the University expects to receive at June 30, 2006 and 2005, if it had liquidated its investments in the hedge funds on these dates.

The University is obligated under certain limited partnership investment fund agreements to advance additional funding periodically up to specified levels. At June 30, 2006, the University had unfunded commitments of \$1,514 million, which are likely to be called through 2010.

Cash Held for Reinvestment

Cash equivalents included in the portfolio consist primarily of liquid short-term instruments held by the investment pool.

Off Balance Sheet Risks

At June 30, 2006 and 2005, the notional amount of long equity futures and swaps held was \$240.9 million and \$151.8 million, respectively. At June 30, 2006, the University also held short equity futures with a notional amount of \$25.2 million. As of June 30, 2006 and 2005, these futures and swaps had a fair value of (\$10.6) million and \$2.8 million, respectively, which have been reflected in "Investments, at market" on the balance sheet.

(All amounts are in thousands of dollars, unless otherwise noted.)

Investment Return

The following schedules summarize the investment return and its reported classification:

2006				
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Interest and dividend income, net	\$154,551			\$154,551
Institutional real estate income, net	13,727			13,727
Short-term investment income	35,710	\$717		36,427
Realized and unrealized gains, net	684,546	56,376	\$3,708	744,630
Total return on investment	\$888,534	\$57,093	\$3,708	\$949,335

2005				
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Interest and dividend income, net	\$87,069			\$87,069
Institutional real estate income, net	20,259			20,259
Short-term investment income	20,300	\$410		20,710
Realized and unrealized gains, net	603,740	105,154	\$1,143	710,037
Total return on investment	\$731,368	\$105,564	\$1,143	\$838,075

Investment income and gains utilized on the Statement of Activities contains interest and dividend income, institutional real estate revenue net of operating expenses and depreciation, other investment income, and endowment appreciation utilized to fund the spending rule. Endowment appreciation utilized was \$91.4 million and \$136.2 million during 2006 and 2005, respectively. The nonoperating section of the Statement of Activities contains realized and unrealized gains reduced by endowment appreciation utilized to fund the spending rule.

Long-term investments net assets as of June 30 are summarized as follows:

2006					
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total	2005 Total
Endowment funds			\$1,251,642	\$1,251,642	\$1,154,869
Funds functioning as endowment:					
Departmental funds	\$2,693,463	\$519,839		3,213,302	2,711,403
University funds	1,119,610			1,119,610	986,272
Institutional real estate	319,054			319,054	308,874
Split-interest agreements	2,076	11,476	20,654	34,206	29,146
CPMC Fund, Inc.	80,137		32,118	112,255	99,450
Pledge balances			98,249	98,249	133,897
Interests in perpetual trusts held by others			136,552	136,552	123,923
Total net assets of long-term investments	\$4,214,340	\$531,315	\$1,539,215	\$6,284,870	\$5,505,526

Institutional Real Estate

The University owns institutional real estate consisting of various properties proximate to the University's Morningside Heights and Washington Heights campuses. The properties are held for long-term investment

(All amounts are in thousands of dollars, unless otherwise noted.)

purposes but are used primarily to house faculty, staff, and graduate students. The University's accounting policy is to reflect the properties at depreciated historical cost.

6. Endowment Funds

The University's endowment consists of approximately 3,800 separate funds established over many years for a wide variety of purposes. Endowment fund balances, including funds functioning as endowment, are classified and reported as either permanently restricted, temporarily restricted, or unrestricted net assets, in accordance with legal or donor imposed stipulations. Net losses on permanently restricted net assets are classified as a reduction to the appreciation recorded in temporarily restricted net assets, to the extent applicable, and then as a reduction to unrestricted net assets.

The University employs a market value unit method of accounting for pooled general investments. Each participating fund enters and withdraws from the pooled investment account based on monthly unit market values. Changes in the market value of investments are distributed proportionately to each fund that participates in the investment pool. Net investment income distributed during the year is allocated on a per unit basis to each participating fund.

Endowment Spending Rule

The endowment spending rule utilized by the University is designed to be directly responsive to both investment returns and the current level of price inflation. Its long-term objectives are:

- To protect the corpus of the endowment by spending no more than the real investment return;
- To cushion spending against market volatility; and
- To provide specific spending instructions and multiyear spending projections based on explicit future investment return assumptions.

The current endowment spending rule is based on two factors: first, the market value multiplied by a 5 percent target spending rate, which provides a response to investment market conditions; and second, the prior year's spending plus inflation, which ties spending increases to operating needs and cushions spending against market volatility.

Each fiscal year's distribution is calculated by adding together the following:

- a. The market value of the endowment at a point twelve months prior to the beginning of the given fiscal year, multiplied by the 5 percent target spending rate, multiplied by a 40 percent weighting; and
- b. Endowment spending in the year immediately preceding year(s), grown or reduced by an inflation factor, which is defined as the Higher Education Price Index ("HEPI"), multiplied by a 60 percent weighting.

(All amounts are in thousands of dollars, unless otherwise noted.)

The Trustees will conduct a special review in any year in which either projected endowment distributions are more than 0.5 percent higher or lower than the 5 percent target spending rate, or if the increase in endowment distributions over the previous year is more than 3 percentage points higher or lower than HEPI.

7. Accounts Receivable

Accounts receivable, net, consists of the following as of June 30:

	2006	2005
Patient receivables, net of contractual allowances	\$257,337	\$261,196
Government agencies	79,070	81,795
NewYork-Presbyterian Hospital	56,539	65,583
Patent and licensing	26,622	25,024
Student receivables	25,409	27,668
Other receivables, gross	55,068	52,205
	500,045	513,471
Less: Allowance for doubtful accounts	(196,604)	(195,036)
Accounts receivable, net	\$303,441	\$318,435

Patient receivables for medical services are net of an allowance for contractual reserves in the amount of \$119.6 million and \$118.4 million at June 30, 2006, and 2005, respectively.

8. Student Loans Receivable and Financial Aid

The University participates in various federal loan programs, in addition to administering institutional loan programs. Loans receivable from students as of June 30 are as follows:

	2006	2005
Government revolving loans	\$66,503	\$66,233
Institutional loans	12,944	11,982
Gross student loans	79,447	78,215
Less: Allowance for doubtful collections	(3,726)	(4,029)
Student loans receivable, net	\$75,721	\$74,186

In addition to the loans identified above, the University processes and authorizes loans to students through the Stafford Loan program and Federal Plus Loan program. These loans are not recorded in the University's financial statement since the University does not guarantee any federal loan funds related to these programs. The amount of loans issued under these programs was \$159.8 million and \$157.7 million for the years ended June 30, 2006, and 2005, respectively.

Government revolving loans are funded principally with federal advances to the University under the Perkins Loan Program and certain other programs. Advances under the Perkins Loan Program totaled \$60.4 million and \$60.3 million as of June 30, 2006, and 2005, respectively. These advances are classified as liabilities on the Balance Sheet. Interest earned on the revolving and institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

(All amounts are in thousands of dollars, unless otherwise noted.)

Loans receivable under federally guaranteed student loan programs are subject to significant restrictions. Accordingly, it is not practicable to determine the fair value of such amounts.

Undergraduate financial aid represents packages for all or part of a student's tuition, fees, room, and board. Graduate financial aid represents packages for all or part of a student's tuition and fees.

	2006			2005		
	University Sources	External Sources	Total Financial Aid	University Sources	External Sources	Total Financial Aid
Undergraduate	\$38,638	\$20,475	\$59,113	\$33,916	\$20,905	\$54,821
Graduate	80,654	33,561	114,215	77,571	30,896	108,467
Total financial aid grants	\$119,292	\$54,036	\$173,328	\$111,487	\$51,801	\$163,288

Agency activities such as tuition aid grants, federal supplemental educational opportunity grants, and the federal Pell grant program are not included in the University's financial statements. Receipts from agency transactions were \$8.6 million and \$8.8 million, and disbursements were \$8.7 million and \$9.0 million in fiscal year 2006 and 2005, respectively.

9. Pledges Receivable

Unconditional promises to give appear as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after recognizing an allowance for uncollectible contributions and a discount to reflect the net present value based on projected cash flows.

The June 30 balances of unconditional promises to give are:

	2006	2005
Less than one year	\$81,304	\$93,875
One to five years	149,409	99,672
More than five years	20,855	34,184
Total unconditional promises	251,568	227,731
Less: Allowance for doubtful contributions	(12,578)	(27,916)
Less: Net present-value discount	(31,187)	(23,856)
Net pledges receivable	\$207,803	\$175,959

New pledges recorded in 2006 and 2005 were discounted at average annual rates of 5.2 percent and 5.7 percent, respectively.

Pledges receivable are intended for the following purposes:

	2006	2005
Endowment for educational and general purposes	\$98,249	\$81,615
New construction and modernization of plant	39,260	38,394
Support of University operations	70,294	55,950
Net pledges receivable	\$207,803	\$175,959

(All amounts are in thousands of dollars, unless otherwise noted.)

The University also has other outstanding pledges of \$324.7 million as of June 30, 2006. These pledges represent either conditional gifts for which the probability of meeting the conditions are uncertain, verbal pledges, or other pledges that have not met the requirements for recognition.

10. Land, Buildings, and Equipment

Investments in land, buildings, and equipment, net, consisted of the following at June 30:

	2006			2005		
	Total Assets	Accumulated Depreciation	Net Assets	Total Assets	Accumulated Depreciation	Net Assets
Land	\$104,459		\$104,459	\$80,706		\$80,706
Building and building improvements	2,570,038	\$1,043,520	1,526,518	2,442,125	\$952,598	1,489,527
Equipment	276,152	120,826	155,326	327,723	146,907	180,816
	\$2,950,649	\$1,164,346	\$1,786,303	\$2,850,554	\$1,099,505	\$1,751,049

The University uses componentized depreciation to calculate depreciation expense for buildings and building improvements for research facilities included in operations. The costs of research facilities are separated into the building shell, building service systems, and fixed equipment, and each component is separately depreciated.

Equipment includes physical assets owned by the University as well as capitalized software costs and moveable equipment acquired through capitalized leases.

Building and building improvements include physical assets owned by the University as well as leasehold improvements and capitalized space leases. In 2006, the University undertook an assessment of the classification of leases that were entered into in prior years and were originally treated as operating leases. Certain space leases were determined to be more appropriately classified as capital leases based on their terms and conditions. As such, the June 30, 2005, financial statements have been adjusted to recognize land, buildings and equipment of \$61.3 million, capital lease obligations of \$61.3 million, and the related impact on the Statement of Activities and Statement of Cash Flows. The impact of recording the adjusted amounts as of June 30, 2005, is not material.

11. Accrued Employee Benefit Liabilities

Accrued employee benefit liabilities arise from employment at the University. These include liabilities for postemployment benefits, postretirement benefits, unused vacation, and deferred compensation.

Postemployment benefits relating to workers' compensation, short-term disability, and continuation of medical benefits for those on long-term disability are provided to former or inactive employees after employment but before retirement. The University records the costs of such benefits on an accrual basis if the employee has provided the services from which those benefits are derived. In 2006 and 2005, the University recognized actuarially computed liabilities of \$27.1 million and \$26.5 million, respectively.

(All amounts are in thousands of dollars, unless otherwise noted.)

Postretirement benefits represent the University's postretirement health care and life insurance benefits for certain employees. The University accrues the estimated cost of these benefits over the years that the employees render service. In 2006 and 2005, the University recognized actuarially computed liabilities of \$4.8 million and \$4.9 million, respectively.

12. Pension and Other Postretirement Benefit Costs

Pension Plan Benefits

Retirement benefits are provided for full-time faculty and officers under a noncontributory defined contribution plan. Contributions are determined as a percentage of each covered employee's salary, factoring in the age and accrued service of each employee. Charges to expenditures under this plan amounted to \$65.5 million and \$57.9 million for the years ended June 30, 2006, and 2005, respectively.

The University has four noncontributory pension plans (the "pension plans") for supporting staff employees. Two of these plans are defined benefit plans for both past and future service. The other two plans provide defined benefits for service prior to January 1, 1976, in one case, and prior to July 1, 1976, in the other, and defined contributions for service thereafter.

All four of these plans are subject to collective bargaining agreements. Charges to expenditures under the Plans amounted to \$9.9 million and \$8.5 million for the years ended June 30, 2006, and 2005, respectively.

Postretirement Health Care and Life Insurance Benefits

The University provides postretirement health care and life insurance benefits for certain employees. The University accrues the estimated cost of these benefits over the years that the employees render service. In December 2003, President Bush signed the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the "Act"), which introduces a prescription drug benefit under Medicare, into law. In January 2004, the Financial Accounting Standards Board (FASB) issued a FASB Staff Position that permitted companies to elect to defer accounting for the effects of the Act. The University elected to defer the Act for 2004. As of June 30, 2005, the University has recognized the effect of the Act in the calculation of its postretirement benefit obligation. This decrease in the University's accumulated postretirement benefit obligation will be reflected in the University's postretirement benefit costs in future periods through amortization of unrecognized gains and losses. Additionally, the service and interest cost components of the postretirement benefits cost will be reduced in future periods.

(All amounts are in thousands of dollars, unless otherwise noted.)

Obligations and Funded Status

The components of accrued benefit costs for pension benefits and other postretirement benefits are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2006	2005	2006	2005
Change in benefit obligation:				
Benefit obligation, beginning of year	\$90,375	\$77,348	\$163,716	\$148,045
Service cost	3,259	2,575	6,192	4,978
Interest cost	4,823	4,765	8,533	8,804
Assumption changes and actuarial (gain) loss	(9,165)	9,390	(22,612)	9,230
Net disbursements and transfers	(4,017)	(3,703)	(7,401)	(7,341)
Projected benefit obligation, end of year	\$85,275	\$90,375	\$148,428	\$163,716
Change in plan assets:				
Fair value of assets, beginning of year	\$71,217	\$69,146	\$89,956	\$73,383
Actual return on plan assets	4,738	5,774	10,464	8,497
Employer contributions	3,561	—	4,856	15,417
Cumulative effect withdrawals	—	—	—	—
Net disbursements and transfers	(4,017)	(3,703)	—	(7,341)
Fair value of assets, end of year	\$75,499	\$71,217	\$105,276	\$89,956
Reconciliation of funded status:				
Unfunded status	\$(9,776)	\$(19,158)	\$(43,152)	\$(73,760)
Amounts not yet recognized:				
Unrecognized net loss	21,939	31,692	38,389	68,904
Unrecognized prior service cost	227	257	—	—
Additional minimum liability	—	(10,494)	—	—
Intangible asset	—	257	—	—
Accumulated other comprehensive income	—	10,236	—	—
Net amount recognized	\$12,390	\$14,726	\$(4,763)	\$(4,856)
Weighted-average assumptions used to determine end-of-year benefit obligation				
	2006	2005		
Discount rate	6.25%	5.25%		
Rate of compensation increase	5.5%	5.5%		

The accumulated benefit obligations for the pension plans at June 30, 2006, and 2005, were \$71.4 million and \$75.4 million, respectively.

In connection with the benefit obligation calculated above, two out of the four pension plans were required to record \$10.2 million additional minimum pension liabilities as of June 30, 2005; there were no additional minimum pension liabilities as of June 30, 2006. The minimum liabilities resulted from the fair value of the invested assets being less than the accumulated benefit obligation.

At the end of 2006 and 2005, the projected benefit obligation exceeded pension plan assets for two of the four plans. At the end of 2006, the accumulated benefit obligation did not exceed plan assets for any of the

(All amounts are in thousands of dollars, unless otherwise noted.)

pension plans; in 2005, the accumulated benefit obligation exceeded pension plan assets for two of the four plans. The projected benefit obligation and the accumulated benefit obligation for the two plans with a benefit obligation in excess of plan assets were as follows:

End of year	2006	2005
Projected benefit obligation	\$71,714	\$75,018
Accumulated benefit obligation	—	60,032
Fair value of plan assets	58,033	53,590

At the end of 2006 and 2005, accumulated postretirement benefit obligation for the other postretirement benefit plan and fair value of plan assets with an accumulated postretirement benefit obligation in excess of plan assets were as follows:

End of year	2006	2005
Accumulated postretirement benefit obligation	\$148,428	\$163,716
Fair value of plan assets	105,276	89,956

An 8 percent annual rate of increase in the per capita cost of covered health care benefits for the other postretirement benefit plan was assumed for 2005. The rate was assumed to decrease gradually to 5 percent for 2008 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effect:

	1% point increase	1% point decrease
Effect on accumulated postretirement benefit obligation	\$12,929	\$10,696

One hundred percent of the pension plans' assets were allocated to the Balanced Growth and Index Fund at June 30, 2006, and 2005. This is also the target allocation for 2007. This fund has guidelines that set targets of 50 percent U.S. equities, 10 percent international equities, and 40 percent debt securities. The expected long-term rate of return on the Plans' assets was 8 percent in both 2006 and 2005.

The asset allocation for the other postretirement benefit plan at June 30, 2006, and 2005, and the target allocation for 2007, by asset category, follows:

Asset category	Target allocation	Percentage of plan assets at year's end	
	2007	2006	2005
U.S. large cap equity	45%	45%	45%
U.S. fixed income	20%	20%	20%
U.S. small cap equity	14%	14%	14%
Emerging markets equity	8%	8%	8%
International equity	8%	8%	8%
Real estate	5%	5%	5%
	100%	100%	100%

(All amounts are in thousands of dollars, unless otherwise noted.)

Net Periodic Pension Cost

The components of net periodic benefit cost for pension benefits and other postretirement benefits are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2006	2005	2006	2005
Components of net periodic benefit costs:				
Service cost	\$3,259	\$2,575	\$6,129	\$4,978
Interest cost on projected benefit obligation	4,823	4,765	8,533	8,804
Expected return on assets	(5,754)	(5,955)	(7,385)	(5,871)
Amortization of transition obligation	—	—	2,057	2,057
Amortization of prior service cost	30	45	747	747
Amortization of unrecognized net losses	1,603	503	2,021	1,481
Defined contribution	5,969	6,593	—	—
Net periodic benefit cost	\$9,930	\$8,526	\$12,165	\$12,196

Weighted-average assumptions used to determine net periodic pension cost	2006	2005
Discount rate	5.25%	6.25%
Expected return on plan assets	8.0%	8.0%
Rate of compensation increase	5.5%	5.5%

The expected rate of return on pension plan assets was developed by evaluating input from investment experts and actuaries as well as long-term inflation assumptions and the pension plans' historical compounded return of approximately 8.25 percent. The pension plans' expected long-term rate of return on plan assets is based on target asset allocation assumptions of 50 percent in U.S. equities, with an expected long-term rate of return of 11.9 percent; 10 percent in non-U.S. equities, with an expected long-term rate of return of 4.1 percent; and 40 percent in fixed income securities, with an expected long-term rate of return of 7.4 percent. The combination of these target allocations and expected returns results in the overall assumed long-term rate of return of 8 percent for 2006 and 2005. The actual asset allocation at June 30, 2006, and 2005, was close to these target asset allocations. The University's management regularly reviews the actual asset allocations. The University believes that 8 percent is a reasonable long-term rate of return on plan assets for 2006 and 2005 and will continue to evaluate the actuarial assumptions, including the expected rate of return, at least annually, and will adjust the appropriate assumptions as necessary.

The expected rate of return on other postretirement benefit plan assets was developed by evaluating input from investment experts and actuaries as well as long-term inflation assumptions and the historical compounded return of approximately 10.4 percent. The other postretirement benefit plan's expected long-term rate of return on plan assets is based on target asset allocation assumptions of 45 percent in U.S. large cap equities, with an expected long-term rate of return of 11.9 percent; 14 percent in U.S. small cap equities, with an expected long-term rate of return of 11.1 percent; 8 percent in non-U.S. equities, with an expected long-term rate of return of 4.1 percent; 8 percent in emerging market equities, with an expected long-term rate of return of 1.6 percent; 20 percent in fixed income securities, with an expected long-term rate of return of 7.4 percent; and 5 percent in real estate, with an expected long-term rate of return of 12.4 percent.

(All amounts are in thousands of dollars, unless otherwise noted.)

The combination of these target allocations and expected returns results in the overall assumed long-term rate of return of 8 percent for 2006 and 2005. The actual asset allocation at June 30, 2006, and 2005, was close to these target asset allocations. The University's management regularly reviews the actual asset allocations. The University believes that 8 percent is a reasonable long-term rate of return on plan assets for 2006 and 2005 and will continue to evaluate the actuarial assumptions, including the expected rate of return, at least annually, and will adjust the appropriate assumptions as necessary.

Assumed health care cost trend rates have a significant effect on the amounts reported for the other postretirement benefit plan. A one percentage point change in the assumed health care cost trend rates would have had the following effect:

	1% point increase	1% point decrease
Effect on total service and interest cost	\$1,689	\$1,346

Expected Cash Flows

Information about the expected cash flows for the plans is as follows:

	Pension Benefits	Other Postretirement Pension Benefits
University contributions:		
2007 (expected)	\$6,000	\$12,918
Expected benefit payments:		
2007	\$4,514	\$8,556
2008	4,649	9,110
2009	4,767	9,558
2010	4,867	9,969
2011	4,964	10,303
2012-2016	32,422	58,104
	\$56,183	\$105,600

Expected contributions to the other postretirement benefit plan include benefits of \$4.8 million from employer assets in 2007. Total benefits expected to be paid include both the University's share of the benefit cost and the participants' share of the cost, which is funded by participant contributions to the other postretirement benefit plan.

13. Lease Obligations

The University is the lessee of various equipment and space under noncancelable operating and capital leases. In 2006, the University undertook an assessment of the classification of leases that were entered into in prior years and were originally treated as operating leases. Certain space leases were determined to be more appropriately classified as capital leases based on their terms and conditions. As such, the June 30, 2005, financial statements have been adjusted to recognize capital lease obligations of \$ 61.3 million; land, buildings, and equipment of \$61.3 million; and the related impact on the Statement of Activities and Statement of Cash Flows. The impact of recording the adjusted amounts is not material to the June 30, 2005, financial statements. Capital lease obligations at June 30, 2006, were \$76.0 million.

(All amounts are in thousands of dollars, unless otherwise noted.)

Operating lease rental expense for the year ended June 30, 2006, was approximately \$29.3 million. Space leases contained customary escalation clauses, which are included in annual aggregate minimum rentals.

Future aggregate minimum rental payments under operating and capital leases are as follows:

Future minimum rental payments	Operating	Capital
2007	\$29,200	\$8,386
2008	21,810	6,397
2009	18,022	5,075
2010	15,855	3,618
2011	14,389	2,981
Thereafter	121,023	157,259
Less: Interest at 3.71 to 4.21 percent		(107,691)
Capital lease obligations at June 30, 2006		\$76,025

14. Conditional Asset Retirement Obligations

Financial Accounting Standards Board Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143), was issued in March 2005. FIN 47 defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability.

This interpretation requires that the fair value of a liability for a conditional asset retirement obligation be recognized in the period in which it occurred if a reasonable estimate of fair value can be made. Based on the guidance in FIN 47, management of the University determined that sufficient information was available to reasonably estimate the fair value of retirement obligations. Upon adoption of FIN 47 on June 30, 2006, the University recognized a liability for conditional asset retirement obligations related to remediation or disposal of asbestos, underground storage tanks and radioactive sources and equipment in the amount of \$58.2 million.

The transition provisions of FIN 47 required the University to apply this measurement back to the historical periods in which the obligations were incurred (on a net present value basis). This is capitalized as land, buildings, and equipment and then depreciated over the estimated remaining useful life of the associated assets. The ending result is a net increase in land, buildings, and equipment of approximately \$7.5 million. The difference is reported as a cumulative effect of a change in accounting principle of approximately \$50.7 million. Had we adopted this interpretation in prior years, the pro forma effect on our net operating income would have been a reduction of \$3.5 million and \$3.2 million in 2006 and 2005, respectively.

(All amounts are in thousands of dollars, unless otherwise noted.)

15. Bonds and Notes Payable

Bonds and notes payable outstanding at June 30, 2006 and 2005 are as follows:

	2006	2005
Dormitory Authority of the State of New York, tax exempt		
revenue bonds, Columbia University issues		
Series 2006A, 4.75% to 5.25%, maturing 2031	\$225,000	—
Series 2006B, 3.25% to 5.25%, maturing 2022	156,890	—
Series 2004A1, 4.00%, maturing 2007	9,970	19,565
Series 2004A2, 5.00%, maturing 2014	46,500	46,500
Series 2004B, 3.00% to 5.125%, maturing 2024	94,305	97,205
Series 2004C, 5.00%, maturing 2029	50,000	50,000
Series 2003A, 3.00% to 5.125%, maturing 2024	79,355	82,245
Series 2003B, variable rate, 2.18%, maturing 2028	30,000	30,000
Series 2002A, 3.00% to 5.25%, maturing 2014	33,030	33,205
Series 2002B, 3.75% to 5.375%, maturing 2024	46,945	88,945
Series 2002C, variable rate, 2.39% to 2.75%, maturing 2027	23,300	23,300
Series 2000A, 4.10% to 5.25%, maturing 2025	49,730	107,860
Series 1998, 4.50% to 5.50%, maturing 2022	—	64,850
Series 1994A, 5.75%, maturing 2010	31,925	31,925
Series 1992, 5.625% to 5.75%, maturing 2007	4,060	7,905
	881,010	683,505
Dormitory Authority of the State of New York, tax-exempt		
commercial paper		
Series 1997, variable rate, 2.37% to 2.93%, final maturity 2015	44,295	48,735
New Jersey Economic Development Corporation		
Series 2002, variable rate, 2.37% to 2.60%, final maturity 2028	9,545	9,850
United States Department of Education Housing Program Issues:		
1991, 5.50%, maturing 2021 *	1,747	1,859
1990, 3.00%, maturing 2020 *	2,170	2,229
Medium-term Notes, Taxable Series C 6.25% to 7.36%, maturing 2021	174,390	183,800
Empire State Development Corporation Issues:		
Interest-free, maturing 2029	8,821	8,945
Interest-free, maturing 2010	6,179	5,775
Economic Development Corporation		
Interest-free, maturing 2010	7,629	7,130
Taxable commercial paper, variable rate, 3.08% to 3.33%, due 2005	64,380	65,680
Dormitory Authority of the State of New York College and University Education Loan Revenue Bonds		
Series 1993, 5.35% to 5.65%, maturing 2013	5,318	6,662
Series 1992, 6.75% to 6.80%, maturing 2013	4,369	5,294
Promissory Note, 8%, maturing 2010	3,000	3,000
Promissory Note, 11%, maturing 2007	1,895	—
	348,959	348,959
Total bonds and notes payable	\$1,214,748	\$1,032,464

*Principal fully collateralized by investments

(All amounts are in thousands of dollars, unless otherwise noted.)

Estimated Principal Payments on bonds and certificates are summarized below:

Year	Principal
2007	\$46,678
2008	61,543
2009	61,175
2010	84,003
2011	67,018
Thereafter (through 2031)	894,331
Total	\$1,214,748

At June 30, 2006, the University's bonds and notes payable had a carrying amount of approximately \$1,214.7 million, compared to an estimated fair value of \$1,267.4 million. The estimated fair value of bonds and notes payable was calculated using a discounted cash flow method, where the estimated cash flows were based on contractual principal and interest payments. The discount rates used were based on the University's borrowing rate for similar obligations. Fair values represent the lower of the estimated value at call or maturity of each respective issue.

The University may offer from time to time up to \$400 million aggregate principal amount of medium-term notes. As of June 30, 2006, \$174.4 million was outstanding. The University also has a \$100 million taxable commercial paper program. As of June 30, 2006, \$64.4 million was outstanding.

The University issues most of its tax-exempt debt through the Dormitory Authority of the State of New York ("DASNY"). On June 8, 2005, the University reoffered its DASNY Series 2004A2 bonds. As a result, the University re-priced \$46.5 million in series 2004A2 bonds at an average yield of 3.3% and retired \$5.4 million of the original debt. On January 18, 2006, the University issued \$225 million of Series 2006A bonds and \$156.9 million of Series 2006B bonds. The proceeds from Series 2006A were used to finance various construction and renovation projects. The proceeds from Series 2006B were used to advance refund a portion of DASNY's Columbia University Revenue Bonds, Series 1998; Columbia University Revenue Bonds, Series 2000A; and Columbia University Revenue Bonds, Series 2002B. The refunded bonds were legally defeased and, as such, are not reflected in Bonds and notes payable at June 30, 2006. Advance refunding these issues resulted in additional bond principal of \$540 thousand and an accounting charge of \$8.7 million. The accounting charge represents the prepayment of interest and the expensing of deferred bond premiums on the extinguished issues. Series 2006A and Series 2006B were issued at a premium of \$25.0 million, which will be amortized over ten years.

The University has certain financial and administrative covenants with which it was in compliance as of June 30, 2006, and 2005.

16. Insurance

In connection with managing financial risks through various third-party insurance programs, the University is self-insured in certain areas. Funded self-insurance liabilities primarily cover deductibles on general liability and property insurance claims. Self-insurance liabilities are actuarially calculated on an annual basis. The

(All amounts are in thousands of dollars, unless otherwise noted.)

University has recorded self-insurance liabilities of approximately \$86.5 million and \$81.9 million as of June 30, 2006, and 2005, respectively. The University's core liability coverage is purchased through Pinnacle RRG, a Vermont-based risk retention group with fifteen other universities.

The University obtains medical malpractice insurance, in part, through MCIC. MCIC is a group captive insurance company owned by the University, Johns Hopkins University, Yale University, University of Rochester, and Weill Medical College of Cornell University, and their respective major teaching hospitals, including NYPH. More than 800 of the University's faculty physicians and dentists are enrolled in MCIC.

17. Related Party Transactions

The University maintains several clinical and education affiliation agreements with other organizations. Revenues and expenses from these agreements are accounted for in the operating activities segment of the Statement of Activities. The most significant affiliation agreement is with the NYPH.

The University has an alliance dating back to 1921 with Presbyterian Hospital, which merged with New York Hospital effective January 1, 1998, and formed the new corporate entity called NewYork-Presbyterian Hospital. The University provides medical, professional, supervisory staff, and various other technical assistance and is reimbursed by NYPH. NYPH provides funding to the clinical departments for several specific purposes, including administration, supervision, and teaching of the NYPH resident staff and salary support for faculty and staff providing services to NYPH. In addition, NYPH provides partial funding for clinical programs that the University and NYPH would like to see developed or expanded. NYPH also provides the departments with certain facilities and services (outpatient faculty practice offices, nursing, telecommunications, etc.) for which the University is invoiced on a monthly basis. Finally, the University and NYPH collaborate and fund joint projects for which specific agreements are negotiated.

The University and NYPH negotiated a joint budget, which forms the basis for the reimbursement agreement. The final fiscal year 2006 joint budget was approximately \$119 million. The payments to NYPH for goods and services were \$56 million. The revenues received pursuant to this reimbursement arrangement for services rendered are reflected in the financial statements as a portion of revenue from other educational and research activities and medical faculty practice plan income. NYPH provides the University with the use of certain facilities and certain services and is reimbursed for its costs by the University.

The University records both receivables from and payables to NYPH on the Balance Sheet. The University has no liability for obligations and debt incurred by NYPH.

The University has financial arrangements with several for-profit physician professional corporations ("PCs"), whereby the University provides facilities and other services to these PCs for a negotiated fee. These PCs provide clinical services to patients and are owned and controlled by physicians who are also faculty members of the University. These noncontrolled PCs generated revenue of approximately \$47 million and \$48 million during fiscal year 2006 and 2005, respectively, which has not been consolidated into the University's financial statements. The University is also the sole corporate member of two not-for-profit physician private practice entities and, as such, consolidates these entities into the University's financial statements.

(All amounts are in thousands of dollars, unless otherwise noted.)

18. Contingencies and Commitments

From time to time, various claims and suits generally incident to the conduct of normal business are pending or may arise against the University.

In the opinion of counsel and management of the University, after taking into account insurance coverage, losses, if any, from the resolution of pending litigation should not have a material effect on the University's financial position or results of operations.

All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from audits of government grants and contracts by government agencies, claims, and suits is presently not determinable, it should not, in the opinion of counsel and management, have a material effect on the University's financial position or results of activities.

The University has entered into contracts to purchase properties with an aggregate value of \$69.9 million. As of June 30, 2006, approximately \$58.9 million is still outstanding.

19. Expense Allocation by Program

Expenses are reported for the University's primary program activities. The financial statements also report certain categories of expenditures that support more than one major program of the University. These expenses include operation and maintenance of plant, depreciation expense, and interest expense.

These costs are allocated to the applicable program activities as indicated in the following chart:

	2006			2005		
	Expenses per Statement of Activities	Allocation	Final Allocated Expenses	Expenses per Statement of Activities	Allocation	Final Allocated Expenses
Instruction and educational administration	\$1,120,584	\$167,002	\$1,287,586	\$1,064,127	\$161,992	\$1,226,119
Research	377,736	55,835	433,571	368,357	53,071	421,428
Medical faculty practice plans	369,480	10,854	380,334	361,617	10,294	371,911
Library	57,748	44,992	102,740	55,513	44,787	100,300
Operation and maintenance of plant	130,343	(130,343)	—	117,219	(117,219)	—
Institutional support	141,022	16,843	157,865	128,257	16,541	144,798
Auxiliary enterprises	85,586	12,697	98,283	84,683	12,062	96,745
Depreciation expense	131,847	(131,847)	—	139,979	(139,979)	—
Interest expense	46,335	(46,335)	—	41,812	(41,812)	—
Other	79,352	302	79,654	37,419	263	37,682
	\$2,540,033		\$2,540,033	\$2,398,983		\$2,398,983

The allocation of operation and maintenance of plant is based on square footage occupancy. Depreciation expense includes depreciation of buildings and building improvements and equipment. The allocation of depreciation on buildings and building improvements is based on square footage occupancy. Depreciation on equipment is allocated to the programs for which the equipment was purchased. Interest expense is allocated according to the same methodologies used for building depreciation.

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**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 pertaining to the Bonds and the Project. Such 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. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the University shall have been made or provision made for the payment thereof; provided, however, that certain liabilities and obligations of the University under the Loan Agreement shall nevertheless survive any such termination. Upon such termination, an Authorized Officer of the Authority shall deliver such documents as may be reasonably requested by the University to evidence such termination and the discharge of its duties under the Loan Agreement, and the release or surrender of any security interests granted by the University to the Authority pursuant to the Loan Agreement.

(Section 43)

Construction of Projects

The University agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and under the Loan Agreement, the University shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of each 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 moneys available in the applicable 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.

(Section 5)

Amendment of a Project; Cost Increases; Additional Bonds

A Project may be amended by the University with the prior written consent of an Authorized Officer of the Authority 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, improving, or otherwise providing furnishing and equipping of a Project which the Authority is authorized to undertake. The University shall provide such moneys or an irrevocable letter of credit or other security in a form acceptable to the Authority as is required for the cost of completing a Project or portion thereof in excess of the moneys in the Construction Fund established for such Project.

(Section 6)

Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments

Except to the extent that moneys are available therefor under the Resolution or the Loan Agreement, including moneys in the Debt Service Fund, and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the University pursuant to the Loan Agreement unconditionally agrees to pay, so long as Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(a) On or before the date of delivery of the Series 2004C Bonds, \$15,000 to be applied against payment of the Authority Fee in connection with the reoffering of such Bonds which fee is estimated to be such amount;

(b) On or before the date of delivery of Bonds of a Series, such amount, if any, as is specified in the Series Resolution authorizing the issuance of such Bonds or in the Bond Series Certificate relating to such Bonds, to pay the Costs of Issuance of such Bonds, and other costs in connection with the issuance of such Bonds;

(c) Three days (or the preceding Business Day if such day is not a Business Day) prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such

Appendix C

interest payment date, assuming that such Bonds will, from and after the next succeeding date on which the rates at which such Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum for such Bonds on the immediately preceding Business Day, plus one percent (1%) per annum;

(d) On each June 10 immediately preceding the July 1 and on each December 10 immediately preceding the January 1, on which interest becomes due on Outstanding Bonds, other than Variable Interest Rate Bonds, the interest becoming due on such July 1 or January 1 interest payment date for such Bonds;

(e) On each June 10 immediately preceding the July 1 on which the principal or Sinking Fund Installments on any Outstanding Bonds becomes due, the principal and Sinking Fund Installments on the Bonds coming due on such July 1;

(f) At least forty-five (45) days with respect to Bonds other than Option Bonds and Variable Interest Rate Bonds and fifteen (15) days with respect to Option Bonds and Variable Interest Rate Bonds prior to any date on which the Redemption Price of Bonds previously called for redemption or contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase of such Bonds;

(g) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with each Series of Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; and, provided, however, that the Annual Administrative Fee with respect to any Series of Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to such Series of Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(h) 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 pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for the costs and expenses incurred to compel full and punctual performance of all the provisions of the Loan Agreement and the Resolution in accordance with the terms thereof, (iv) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (v) for any external costs or expenses attributable to the issuance of a Series of Bonds or the financing or construction of a Project, including but not limited to any fees or other amounts payable under a Remarketing Agreement, a Credit Facility or a Liquidity Facility;

(i) Promptly upon demand by an Authorized Officer of the Authority (a copy of which 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;

(j) Promptly upon demand by an Authorized Officer of the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds of a Series or otherwise available therefor under the Resolution 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 Bonds of such Series;

(k) By 5:00 P.M., New York City time, on the date Option Bonds are tendered for purchase by the Holders thereof or on the date Variable Rate Bonds are subject to mandatory tender for purchase, as the case may be, the amount, in immediately available funds, required to pay the purchase price of Option Bonds or Variable Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from moneys to be made available pursuant to a Liquidity Facility; provided, however, that if such notice is given to the University by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 12:30 P.M., New York City time, on such day; provided, further, that, if such notice is given to the University after 3:00 P.M., New York City time, then such amount shall be paid, in immediately available funds, by 10:00 A.M., New York City time, on the next succeeding day; and

(l) Promptly upon demand by an Authorized Officer of the Authority, all amounts required to be paid by the Authority to a Counterparty in accordance with an Interest Rate Exchange Agreement or to reimburse the Authority for any amounts paid to a Counterparty in accordance with an Interest Rate Exchange Agreement.

Subject to the provisions of the Resolution and the Loan Agreement, the University shall receive a credit against the amount required to be paid by the University during a Bond Year pursuant to paragraph (e) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to

Bonds to be redeemed through Sinking Fund Installments during the next succeeding Bond Year, either (i) the University delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed, or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority directs the University, and the University agrees, to make the payments required by paragraphs (c), (d), (e), (f) and (j) above directly to the Trustee for deposit in the Debt Service Fund and application in accordance with the Resolution, the payments required by paragraph (b) above directly to the Trustee for deposit in a Construction Fund or other fund established under the Resolution as directed by an Authorized Officer of the Authority, the payments required by paragraph (l) above directly to the Trustee for deposit in the Arbitrage Rebate Fund, the payments required by paragraph (k) above directly to the Trustee for payment of the purchase price of Option Bonds tendered by the Holders thereof for purchase, the payment required by paragraph (l) above with respect to a Counterparty as directed by an Authorized Officer of the Authority, the payments required by paragraphs (a), (g), (h) and (i) above directly to or upon the order of the Authority.

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 the provisions described under this caption), (i) all moneys paid by the University to the Trustee pursuant to paragraphs (c), (d), (e), (f), (i) and (j) above shall 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 Bonds to the extent of such payment and (ii) the transfer by the Trustee of any moneys (other than moneys described in (i) 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 Bonds to the extent of the amount of moneys transferred. Except as otherwise provided in the Resolution, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

The obligations of the University to make payments or cause the same to be made under the Loan Agreement shall be complete 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 Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the University to complete a Project or the completion thereof with defects, failure of the University to occupy or use a Project, any declaration or finding that the Bonds or any Series of Bonds are, or the 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 Projects relating to a Project, beyond the extent of moneys available in the Construction Fund established for such Project.

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

An Authorized Officer of 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 in 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.

The Authority shall have the right in its sole discretion to make on behalf of the University any payment required pursuant to the Loan Agreement which has not been made by the University when due. No such payment by the Authority

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shall limit, impair or otherwise affect the rights of the Authority under the Loan Agreement 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.

The University, if it is not then in 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 an Authorized Officer of the Authority in the Debt Service Fund or held by the Trustee for the payment of Bonds in accordance with the Resolution. In making a voluntary payment to be held by the Trustee in accordance with the Resolution, the University may effect such payment by the delivery of Defeasance Securities. Upon any voluntary payment by the University or upon any deposit in the Debt Service Fund made pursuant to 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 with respect to such Series of Bonds; 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, including the purchase or redemption of all Bonds 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 Bonds Outstanding, or to cause all Bonds outstanding to be paid or to be deemed paid in accordance with the Resolution.

(Section 9)

Consent to Pledge and Assignment

The University consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive certain of the payments required to be made pursuant to the Loan Agreement, any or all security interests granted by the University under the Loan Agreement. All funds and accounts established by the Resolution and pledged thereby to secure any payment or the performance of any obligation of the University under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement shall be specifically assigned by the Authority to the Trustee. The University further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by the Loan Agreement, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the University's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the University under the Loan Agreement. Any realization upon any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the University under the Loan Agreement.

(Section 10)

Limitation on Liens

Except as otherwise provided in the Loan Agreement, so long as Bonds shall be Outstanding, the University covenants and agrees that it will not issue, assume or guarantee any Debt secured by Liens upon any Restricted Property or create, incur or assume any Liens upon any Restricted Property to secure Debt, without effectively providing that the University's indebtedness under the Loan Agreement (together with, if the University so determines, any other indebtedness or obligation thereafter created that is not subordinate in right of payment to the University's indebtedness under the Loan Agreement) shall be secured equally and ratably with or prior to all other obligations secured thereby as long as such Debt shall be so secured, except that the foregoing provisions shall not apply to:

(a) Liens to secure all or any part of the purchase price or the cost of construction of Restricted Property acquired or constructed by the University, provided (i) the Debt secured by any such Lien is non-recourse to the University, (ii) the amount of such Debt does not exceed ninety-five percent (95%) of the purchase price or the cost of construction, (iii) such Debt and related Lien are incurred at the time of or within one hundred and eighty (180) days after the acquisition or completion of construction, and (iv) such Lien relates only to the Restricted Property so acquired or constructed;

(b) Liens on Restricted Property existing at the time of acquisition of such Restricted Property by the University, provided (i) the Debt secured by any such Lien is non-recourse to the University, and (ii) the amount of such Debt does not exceed ninety-five percent (95%) of the fair market value (in the opinion of an Authorized Officer of the University) of such Restricted Property;

(c) Liens to secure Debt incurred to the Authority or to secure Bonds, bonds, notes or other obligations issued by the Authority;

(d) With the consent of the Authority, Liens upon Restricted Property, to secure obligations incurred by the University to a Facility Provider or a Counterparty in connection with a Credit Facility, Liquidity Facility or Interest Rate Exchange Agreement; and

(e) Any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (a) through (d) inclusive or of any Debt secured thereby; provided, that (i) the principal amount of Debt secured thereby shall not exceed the greater of the principal amount of Debt so secured at the time of such extension, renewal or replacement, or (ii) ninety-five percent (95%) of the original purchase price or cost of construction of Restricted Property, (iii) such extension, renewal or replacement Lien shall be limited to all or part of substantially the same Restricted Property to which the Lien that was extended, renewed or replaced applied (plus improvements on such Restricted Property) and (iv) in the case of any Lien referred to in the foregoing clause (i) or (ii), the Debt secured thereby shall be non-recourse to the University.

(Section 12)

Exempted Transactions

Notwithstanding the provisions of the Loan Agreement, the University may issue, assume or guarantee Debt secured by Liens or create, incur or assume Liens to secure Debt, that would otherwise be subject to the restrictions in the Loan Agreement described above in the event that:

(i) the fair market value (in the opinion of an Authorized Officer of the University) of the Restricted Property securing such Debt, together with the aggregate value (as shown on the books and records of the University upon which the most recent audited financial statements of the University are based) of all other Restricted Property of the University securing Debt (other than Restricted Property securing Debt permitted to be secured under the Loan Agreement) does not exceed an amount equal to twenty percent (20%) (or such higher percentage as shall be consented to by an Authorized Officer of the Authority) of the University's total assets (as shown on the most recent audited financial statements of the University); and

(ii) the aggregate principal amount of such Debt, together with the aggregate outstanding principal amount of all other Debt secured by Liens on Restricted Property of the University (other than Debt permitted to be secured under the Loan Agreement), does not exceed an amount equal to twenty-percent (20%) of the University's total assets (as shown on the most recent audited financial statements of the University);

provided that in no event shall the University without the prior consent of the Authority, issue, assume or guarantee any Debt secured by Liens upon the University's stocks, bonds, notes or other investments, or create, incur or assume Liens upon the University's stocks, bonds, notes or other investments to secure Debt (other than Debt incurred to the Authority in connection with bonds, notes or other obligations of the Authority issued under a resolution of the Authority) if at the time such Debt is issued, assumed or guaranteed or such Lien is created, incurred or assumed the market value (in the opinion of an Authorized Officer of the University) of stocks, bonds, notes or other investments securing such Debt, together with the aggregate market value of all other stocks, bonds, notes or other investments of the University securing Debt (other than Debt incurred to the Authority in connection with bonds, notes or other obligations of the Authority issued under a resolution of the Authority) would exceed five percent (5%) (or such higher percentage as shall be consented to by an Authorized Officer of the Authority) of (x) the value (as shown on the most recent audited financial statements of the University) of all stocks, bonds, notes or other investments of the University less (y) one hundred ten percent (110%) of the principal amount of Bonds then Outstanding, or if at the time such Debt is issued, assumed or guaranteed or such Lien is created, incurred or assumed the market value (in the opinion of an Authorized Officer of the University) of stocks, bonds, notes and other investments which are derived from gifts or bequests, not required to pay any item which is a Cost of a Project, held as part of the University's permanent capital, and free and clear of any lien, pledge, charge, security

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interest or other encumbrance or statutory, contractual or other restriction, is not at least equal to one hundred ten percent (110%) of the principal amount of Bonds then Outstanding.

(Section 13)

Financial Covenants

The University covenants that it shall maintain Available Assets of the University which will be not less than two (2) times the General Liabilities of the University, and it shall deliver to the Authority and the Trustee a certified statement of an Authorized Officer of the University after the close of each quarter of each fiscal year of the University as provided in the Loan Agreement which demonstrates compliance with such covenant; provided, however, the failure of the University to comply with such covenant shall not constitute an Event of Default if the University has complied with the provisions of the Loan Agreement respecting the Management Consultant.

The University covenants that it shall maintain as an asset of the University, stocks, bonds, notes or other similar securities which (a) are free and clear of any pledge, lien, charge, security interest or other encumbrance, (b) are not subject to any statutory, contractual or other restriction, and (c) have a market value at least equal to one hundred twenty percent (120%) of the aggregate principal amount of its outstanding Short Term Debt, and it shall deliver to the Authority and the Trustee a certified statement of an Authorized Officer of the University after the close of each quarter of each fiscal year of the University as provided in the Loan Agreement which demonstrates compliance with such covenant; provided, however, the failure of the University to comply with such covenant shall not constitute an Event of Default if the University has complied with the provisions of the Loan Agreement respecting the Management Consultant.

(Section 14)

Management Consultant

If the University fails to comply with any of the covenants contained in the Loan Agreement in any fiscal year succeeding a fiscal year in which no such failure occurred, the Authority, at its election which shall be exercised within sixty (60) days of notice of such failure, may request the University to engage, at the University's expense, a Management Consultant to review the rates, operations and management of the University and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such rates, operations, management and other matters as will enable the University to comply with such covenants within a reasonable period. The University shall engage a Management Consultant within sixty (60) days of such request by the Authority. Copies of the report and recommendations of the Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the University and an Authorized Officer of the University no later than one hundred twenty (120) days following the date of engagement of such Management Consultant. The Board of Trustees of the University and such Authorized Officer of the University shall each deliver to the Authority no later than sixty (60) days following the date of filing with the Authority of the report and recommendations of the Management Consultant a written report setting forth their respective comment and reaction to the report and recommendations of the Management Consultant.

If the University fails to comply with any of the covenants contained in the Loan Agreement in any fiscal year succeeding a fiscal year in which such failure has occurred, the University shall either engage within sixty (60) days of such failure, at the University's expense, a Management Consultant to review the rates, operations and management of the University and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such rates, operations, management and other matters as will enable the University to comply with such covenants within a reasonable period or (ii) provide security for the University's obligations under this Loan Agreement or credit enhancement for Bonds, in each case acceptable to the Authority. The University shall immediately notify an Authorized Officer of the Authority of such engagement. Copies of the report and recommendations of the Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the University and an Authorized Officer of the University no later than one hundred twenty (120) days following the date of engagement of such Management Consultant.

The University shall, to the extent feasible, promptly upon its receipt of such recommendations, and subject to applicable requirements or restrictions imposed by law or regulation, revise its rates, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with such recommendations. The University shall deliver to the Authority and the Trustee:

(i) within forty- five (45) days of receipt of such Management Consultant’s report (a) a report setting forth in reasonable detail the steps the University proposes to take to implement the recommendations of such Management Consultant, and (b) a certified copy of a resolution adopted by the Board of Trustees of the University accepting both the Management Consultant’s report and the report prepared by the University as required in clause (a) hereof.

(ii) quarterly reports demonstrating the progress made by the University in implementing the recommendations of the Management Consultant.

If the University complies in all material respects with the reasonable recommendations of the Management Consultant delivered under the Loan Agreement, the University will be deemed to have complied with the covenants contained in the Loan Agreement for the University’s fiscal year in which the Management Consultant’s report is delivered and the University’s succeeding fiscal year.

(Section 15)

Tax-Exempt Status of the University

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.

(Section 16)

Use of Projects; Restrictions on Religious Use

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the University shall have sole and exclusive control of, possession of and responsibility for (i) the Projects; (ii) the operation of the Projects and supervision of the activities conducted therein or in connection with any part thereof; and (iii) the maintenance, repair and replacement of the Projects; provided, however, that, except as otherwise limited hereby, the foregoing shall not prohibit use of a Project by person other than the University or its students, staff and employees in furtherance of the University’s corporate purposes if such use will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

The University agrees that with respect to any Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or 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 hereafter, in the opinion of Bond Counsel, the then applicable law would permit a Project or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as an Authorized Officer of the Authority deems necessary to determine whether any Project or any portion or real property thereof financed by 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 a 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 such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such 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 such 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

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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 a Project, or 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 this heading an involuntary transfer or disposition of a Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 20 and 21)

Covenant as to Insurance

The University shall procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by institutions for higher education providing programs substantially similar to those of the University. The University is not prohibited by the Loan Agreement from self-insuring against any risk. In the event the University fails to provide such insurance, the Authority may elect at any time thereafter to procure and maintain the insurance at the expense of the University.

(Section 23)

Financial Information

The University shall furnish to the Authority and the Trustee within sixty (60) days after the end of each of the first three (3) quarters of the University's fiscal year a statement certified by an Authorized Officer of the University, and within one hundred sixty-five (165) days after the end of such fiscal year an audited statement, setting forth the Available Assets and General Liabilities of the University at the end of each quarter and at the end of such fiscal year. The University shall also furnish to the Authority and the Trustee as promptly as practicable after the end of each calendar quarter, but not later than thirty (30) days* thereafter, a certified statement by an Authorized Officer of the University, which shall state as of the end of such calendar quarter (i) the market value of the bonds, notes, debentures or other similar securities owned by the University which comply with the requirements of the Loan Agreement, (ii) the outstanding principal amount of Short Term Debt calculated in accordance with the Loan Agreement, and (iii) whether the University is in compliance with the provisions of the Loan Agreement. At the request of an Authorized Officer of the Authority, the University shall submit documentation supporting the conclusions and statements contained in any such certified statements.

(Section 26)

* It is anticipated that the University and the Authority will amend the Loan Agreement to extend the time allowed to submit such certification to sixty (60) days.

Defaults and Remedies

As used in the Loan Agreement the term "Event of Default" shall mean:

(a) 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 in accordance with the Loan Agreement or the Resolution, and such default continues for a period in excess of seven (7) days or default in the timely payment of any amount payable with respect to an interest payment date on Outstanding Variable Interest Rate Bonds and such default continues for a period in excess of (1) day or default in timely payment of Option Bonds or Variable Rate Bonds which are tendered for purchase by the Holders thereof;

(b) 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 by the Authority or the Trustee, provided that, if in the determination of the Authority such default cannot be corrected within such thirty (30) day period but can be corrected by appropriate action, it shall not constitute an Event of Default if corrective action is instituted by the University within such period and is diligently pursued until the default is corrected;

(c) as a result of any default in payment or performance required of the University 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, a Facility Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) as a result of any default in payment or performance required of the University or any Event of Default hereunder, 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, a Facility Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(e) the University shall (i) be generally not paying its debts as they become due, (ii) 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, (iii) make a general assignment for the benefit of its general creditors, (iv) 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, (v) be adjudicated insolvent or be liquidated, or (vi) take corporate action for the purpose of any of the foregoing;

(f) 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 within ninety (90) days;

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

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

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

(j) a petition shall be filed with a court having jurisdiction for an order directing 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;

(k) an order of a court having jurisdiction shall be made directing 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 (x) three (3) business days prior to the date provided for in such order for such sale, disposition or distribution or (y) an aggregate of thirty (30) days from the date such order shall have been entered; or

(l) a final judgment for the payment of money which in the reasonable judgment of the Authority will materially adversely affect the rights of the Holders of the Bonds shall be rendered against the University and at any time after thirty (30) days from the entry thereof, (i) such judgment shall not have been discharged, or (ii) 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 thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal.

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

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

(b) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of Bonds or any 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 moneys for such purposes as are authorized by the Resolution;

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

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(d) 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;

(e) to the extent permitted by law, (i) enter upon a Project and complete the construction of any Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Projects, all at the risk, cost and expense of the University, consent to such entry being given by the University by the Loan Agreement, (ii) at any time discontinue any work commenced in respect of the construction of any 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, (iii) assume any construction contract made by the University in any way relating to the construction of any 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 (iv) in connection with the construction of any Project undertaken by the Authority pursuant to the provisions of this paragraph (e), (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (y) pay, settle or compromise all bills or claims which may become liens against a Project or against any moneys of the Authority applicable to the construction of a Project, or which have been or may be incurred in any manner in connection with completing the construction of a Project or for the discharge of liens, encumbrances or defects in the title to a Project or against any moneys of the Authority applicable to the construction of a Project, and (z) 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 any Project whether the same shall be paid or incurred pursuant to the provisions of this paragraph (e) 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. For the purpose of exercising the rights granted by this subparagraph during the term of the Loan Agreement, 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; and

(f) take any action necessary to enable the Authority to realize on its liens under the Loan Agreement or by law, and any other action or proceeding permitted by the terms of the Loan Agreement or by law.

All rights and remedies given or granted to the Authority in the Loan Agreement are 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.

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 made or action taken pursuant to the Loan Agreement and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 29)

**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 pertaining to the Bonds and the Project. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

Contract with Bondholders

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 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 in or permitted by the Resolution.

(Section 1.03)

Pledge of Revenues

The proceeds from the sale of the Bonds, the Revenues and all funds and accounts, excluding the Arbitrage Rebate Fund, established by the Resolution and any Series Resolution, are pledged to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority under the Resolution and any Series Resolution, all in accordance with the provisions of the Resolution and any Series Resolution. The pledge of the Revenues and the assignment of the Authority's security interest shall also be for the benefit of each Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution; provided, however, that such pledge and assignment shall, in all respects, be subject and subordinate to the rights and interest therein of the Bondholders. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues and the funds and accounts established by the Resolution and any Series Resolution 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 shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of the Bonds, the Revenues and the funds and accounts established by the Resolution, which pledge shall constitute a first lien thereon.

(Section 5.01)

Establishment of Funds and Accounts

The following funds and separate accounts within funds are established by the Resolution and shall be held and maintained by the Trustee:

- Construction Fund;
- Debt Service Fund;
- Arbitrage Rebate Fund.

In addition to the accounts and subaccounts, if any, required to be established by the Resolution or by any Series Resolution or any Bond Series Resolution, the Authority may establish such other accounts or subaccounts it considers necessary or desirable. All moneys at any time deposited in any fund, account or subaccount created and pledged by the Resolution, or by any Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution; provided, however, that 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 or of Option Bonds

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so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of the Bonds other than such Option Bonds and are pledged hereby for the payment of the purchase price of such Option Bonds.

(Section 5.02)

Application of Bond Proceeds and Allocation Thereof

Upon the receipt of the proceeds from the sale of a Series of Bonds, the Authority shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

(Section 5.03)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, there shall be deposited in the Construction Fund or Funds established for the Project or Projects in connection with which such Series of Bonds was issued the amount required to be deposited therein pursuant to the Series Resolution authorizing the issuance of such Series or the Bond Series Certificate relating to such Series. Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Project for which such fund was established.

Upon receipt by the Trustee of a certificate relating to the completion of a Project, the moneys, if any, then remaining in the Construction Fund relating to such Project, 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 Projects in connection with such 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 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 moneys, which by any of the provisions of the Loan Agreement are required to be paid to the Trustee, shall upon receipt by the Trustee be deposited or paid to the Trustee as follows in the following order of priority:

First: To the Debt Service Fund (i) in the case of Revenues received during the period from the beginning of each Bond Year until December 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds payable on or prior to the next succeeding January 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding January 1, 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) the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds payable on or prior to the next succeeding January 1 and (c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding January 1, 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 Outstanding Bonds payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, 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 and (b) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding July 1, plus accrued interest thereon to the date of purchase or redemption;

Second: To reimburse, pro rata, each Facility Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Facility Provider; 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 and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Projects, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement 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 notify the Authority and the University promptly after making the payments of any balance of Revenues then remaining. 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 Loan Agreement.

(Section 5.05)

Debt Service Fund

The Trustee shall on or before the Business Day preceding each interest payment date pay to itself and any other Paying Agents out of the Debt Service Fund:

- (a) the interest due and payable on all Outstanding Bonds on such interest payment date;
- (b) the principal amount due and payable on all Outstanding Bonds on such interest payment date; and
- (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds on such interest payment date.

The amounts paid out pursuant to this subdivision shall be irrevocably pledged to and applied to such payments.

Notwithstanding the provisions of this subdivision, the Authority may, at any time subsequent to July 1 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 moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the University and delivered to the Trustee in accordance with the Loan Agreement 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.

Notwithstanding the provisions of this subdivision, the University pursuant to the Loan Agreement may deliver, at any time subsequent to July 1 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 the Series and maturity to be so redeemed on such date from such Sinking Fund Installment. 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.

Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds payable on and prior to the earlier of the next succeeding interest payment date January 1 or July 1 assuming that a 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, and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be retained therein applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority

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to: the purchase of Outstanding Bonds of any Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in the Resolution, at the Redemption Prices specified in the applicable Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any moneys 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, moneys on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as set forth in such directions.

Moneys on deposit in 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. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall, first, be applied to reimburse pro rata, each Facility Provider for moneys advanced under a Credit Facility or a Liquidity Facility, including interest thereon, which is then unpaid in proportion to the respective amounts advanced by each Facility Provider, and, then be deposited to any fund or account established hereunder in accordance with the directions 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 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 moneys 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 the 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 Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the amounts held in the Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date on which all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of the Outstanding 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 Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by each Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

Investment of Funds and Accounts

Moneys 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 or Exempt Obligations; provided that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes of the Resolution.

In lieu of the investments of moneys in obligations authorized in the preceding paragraph, 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 moneys in the Construction Fund in (i) interest-bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with banks, trust companies, savings banks, savings and loan associations, or securities dealers approved by the Authority the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation; (ii) Exempt Obligations or (iii) Investment Agreements; provided that (w) each such investment shall permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes of the Resolution, (x) all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value determined by the Trustee or its agent on a daily valuation equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement 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 Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be free and clear of claims of any other person.

Obligations purchased or other investments made as an investment of moneys 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.

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, obligations purchased as an investment of moneys therein or held therein shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee upon receipt of such direction 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. 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 moneys 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. 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.

(Section 6.02)

Refunding Bonds and Additional Obligations

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 moneys 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 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.

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 or lien or right prior

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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.

(Sections 2.04 and 2.05)

Creation of Liens

Except as permitted by the Resolution, the Authority shall not create or 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 rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee or the funds and accounts established by the Resolution or by any Series Resolution which are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created thereby is not prior or equal to the charge or lien created by the Resolution, and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the Revenues which lien and pledge is of equal priority with the lien created and the pledge made by the Resolution.

(Section 7.06)

Tax Exemption; Rebates

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds of such Series as the Authority may designate, the Authority shall comply with the provisions of the Code applicable to the Bonds of such Series, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of the Bonds of such Series, reporting of earnings on the Gross Proceeds of the Bonds of such Series, and rebates on such gross proceeds to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the provisions of the Tax Certificate with respect to such Series of Bonds.

The Authority shall not take any action or fail to take any action, which would cause the Bonds of such Series to be “arbitrage bonds” within the meaning of Section 148(a) of the Code; nor shall any part of the proceeds of the Bonds of such Series or any other funds of the Authority be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond of such Series to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

The Authority shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds of such Series pursuant to Section 148(f) of the Code from amounts on deposit in the Arbitrage Rebate Fund and available therefor.

(Section 5.01, Series 2004C Resolution)

Event of Default

Each of the following constitutes an “event of default” under the Resolution and each Series Resolution if:

(a) Payment of the principal, Sinking Fund Installment, if any, or Redemption Price of any Bond shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of an installment of interest on any Bond shall not be made when the same shall become due and payable; or

(c) The Authority shall default in the due and punctual performance of the rebate covenants contained in the Resolution, and, as a result thereof, the interest on the Bonds of a Series shall no longer be excludable from gross income under Section 103 of the Code; or

(d) 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 percent (25%) in principal amount of the Outstanding Bonds, or, if such default is not capable of being cured within thirty (30) days, the Authority fails to commence to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; or

(e) The Authority shall have notified the Trustee that an “Event of Default”, as defined in the Loan Agreement, arising out of or resulting from the failure of the University to comply with the requirements of the Loan Agreement shall have occurred and is 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 and the Authority shall have notified the Trustee of such “Event of Default.”

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default (other than under paragraph (c) under the heading “Event of Default” above), then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be due immediately and payable. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds or any Series Resolution 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 may with the written consent of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds not then due by their terms and then Outstanding and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (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 (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) or in the Bonds or any Series Resolution shall have been remedied to the 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, then and in every such case, the Trustee may proceed, or of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds or, in the case of the happening and continuance of an Event of Default described in subparagraph (c) under the heading “Event of Default” above, upon the written request of the Holders of not less than twenty-five percent (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 Holders of the Bonds under the laws of the State or under the Resolution or under any Series Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution and under any Series Resolution or in aid or execution of any power 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, 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 and 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 moneys adjudged or decreed to be payable.

(Section 11.04)

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Priority of Payments After Default

If at any time the moneys held by the Trustee under the Resolution and under each Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of the Resolution), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Resolution or otherwise, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts to be deposited therein and then paying all amounts owing to the Trustee under the Resolution) as follows:

(a) Unless the principal of all the Bonds has become or been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any of the Bonds which shall have become due whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all amounts due on any date, then to the payment ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in the Bonds.

The provisions of this subdivision are in all respects subject to the provisions of the Resolution.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this subdivision, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for application in accordance with the Resolution shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such moneys so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

(Section 11.05)

Termination of Proceedings

In case any proceedings taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, each Facility Provider, the University and the Bondholders shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been commenced.

(Section 11.06)

Bondholders' Direction of Proceedings

Anything in the Resolution to the contrary notwithstanding, the Holders of a majority in principal amount of the Outstanding Bonds or in the case of an event of default as specified in the Resolution, the Holders of a majority in principal amount of the Outstanding Bonds of the Series affected thereby shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under each Series Resolution, provided such direction shall not be otherwise than in accordance with law or the provisions of the Resolution and of each Series Resolution and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

(Section 11.07)

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 under the Resolution 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 the Outstanding Bonds, or, in the case of an event of default under paragraph (c) under the heading ("Event of Default" above, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the 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)

Modification and Amendment Without Consent

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 Resolution 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;

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(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 of any other moneys, securities or funds;

(f) To modify any of the provisions of the Resolution or of any previously adopted Series 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; or

(g) 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 in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions in the Resolution or in any previously adopted Series Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Holders 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 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.

(Section 9.02)

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, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) 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; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity 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 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 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. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

(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 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 Holders for their consent thereto in form satisfactory to the Trustee, is required promptly after adoption to be mailed by the Authority to the Holders (but failure to mail such copy and request will 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 be filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in the Resolution 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. 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 that the consents have been given by the Holders described in such certificate or certificates of the Trustee. Any consent shall be binding upon the Holder of the Bonds giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bonds 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 Holder of such Bonds 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 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 the 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 hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published to the Bondholders, 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, each Paying Agent and the Holders of all Bonds at the expiration of thirty (30) days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, 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, the Trustee and any Paying Agent 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.

(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 under the Resolution 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 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 Bondholders either by mailing or publication shall be required.

(Section 10.03)

Amendment of Loan Agreement

The Loan Agreement may not be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of the Outstanding Bonds without the prior written consent of (a) the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the Holders of not less than a majority in aggregate principal amount of the Bonds of each Series so affected then Outstanding; provided, however, that if such

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modification or amendment will, by its terms, not take effect so long as any Bonds of any specified 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 this section; provided further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the University under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof.

The Loan Agreement may be amended, changed, modified or altered (i) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any facilities constituting a part of any Project or to otherwise amend the Project or (ii) with the 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. Except as otherwise provided in the Resolution, the Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds or the Trustee. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

For the purposes of this Section, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to an amendment, change, modification, alteration or termination permitted by this Section with the same effect as a consent given by the Holder of such Bonds.

For the purposes of this Section, a Series shall be deemed to be adversely affected by an amendment, change, modification or alteration of the Loan Agreement if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. 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 or alteration, and any such determination shall be binding and conclusive on the University, the Authority and all Holders of Bonds.

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

(Section 7.11)

Defeasance

If the Authority shall pay or cause to be paid to the Holders of the 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 moneys 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 moneys or other 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 each Facility Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University. The securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys 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 preceding paragraph. 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 the preceding paragraph if (a) in case any of such 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 such date of such Bonds, (b) there shall have been deposited with the Trustee either

moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, 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 such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee shall have received the written consent to such defeasance of each Facility Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (d) in the event such 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 an 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 (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which shall be made in accordance with this Section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this Section in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the Resolution 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 such Bonds; provided, however, that any moneys 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 such Bonds on and prior to such redemption date or maturity date thereof, as the case may be; and provided further, however, that moneys and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which without regard to reinvestment, together with the moneys, 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 moneys and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution 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 each Facility Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

For purposes 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, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with 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 moneys 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 clause (ii) of the second sentence of the preceding paragraph, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

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Option Bonds shall be deemed to have been paid in accordance with the Resolution only if, in addition to satisfying the requirements of clauses (i) and (iii) above, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and Redemption Price, 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 Resolution, 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 this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and Redemption Price, 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 to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Anything in the Resolution to the contrary notwithstanding, any moneys 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 moneys were held by the Trustee at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee after such 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 and the Holders shall look only to the Authority for 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 moneys remain 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 moneys 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

[Date of Issuance]

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 conversion on July 2, 2007 of \$48,270,000 aggregate principal amount of Columbia University Revenue Bonds, Series 2004C (the "Series 2004C Bonds") from a Term Rate Mode to a Fixed Rate Mode (the "Conversion") and the reoffering of the Series 2004C Bonds. The Series 2004C Bonds were issued 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, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B 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 herein set forth.

The Series 2004C Bonds were issued under and pursuant to the Act, the Columbia University Revenue Bond Resolution of the Authority, adopted on September 27, 2000, as amended and supplemented (the "Resolution"), and the Columbia University Series 2004C Resolution Authorizing Up To \$150,000,000 Series 2004C Bonds, adopted May 26, 2004 (the "Series 2004C Resolution"). Said resolutions are herein collectively called the "Resolutions." Capitalized terms used herein but not defined have the respective meaning given to them in the Resolutions and the Bond Series Certificate, dated June 24, 2004, executed by the Authority in connection with the issuance of the Series 2004C Bonds (the "Bond Series Certificate").

The Series 2004C Bonds are part of an issue of bonds of the Authority (the "Bonds"), which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount, except as provided in the Resolutions or as may be limited by law. The Series 2004C Bonds were issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue Bonds, in addition to the Series 2004C Bonds, only upon the terms and conditions set forth in the Resolution and such Bonds, when issued, will with all other Bonds which have been or may be issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

The Series 2004C Bonds will be dated their date of delivery and, upon the Conversion, will bear interest at the rates and mature on the dates and in the principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$4,385,000	5.00%	2027	\$ 9,110,000	5.00%
2025	8,465,000	5.00	2029	17,530,000	5.00
2026	8,780,000	5.00			

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The Series 2004C Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or any greater integral multiples thereof. The Series 2004C Bonds are numbered consecutively from one upward in order of issuance.

The Series 2004C Bonds are subject to redemption prior to maturity as provided in the Resolutions and in the Bond Series Certificate. The Series 2004C Bonds are also subject to mandatory tender for purchase as provided in the Resolution and the Bond Series Certificate.

The Series 2004C Bonds were issued to finance a loan by the Authority to The Trustees of Columbia University in the City of New York (the "University"). The Authority and the University have entered into a Loan Agreement, dated as of September 27, 2000 (the "Loan Agreement"), by which the University is required to make payments sufficient to pay, when due, the principal, Purchase Price and Redemption Price of and interest on the Outstanding Bonds, including the Series 2004C Bonds, as well as a part of the Authority's annual administrative expenditures and costs. All amounts payable under the Loan Agreement for payment of the principal or Redemption Price of or interest on the Bonds are required to be paid to the Trustee under the Resolution and have been pledged by the Authority for the benefit of the Holders of Outstanding Bonds, including the Series 2004C Bonds. Amounts payable under the Loan Agreement for payment of the Purchase Price of Series 2004C Bonds tendered or deemed tendered for purchase are required to be paid to the Tender Agent for the Series 2004C Bonds and have been pledged to payment of the Purchase Price.

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 Resolutions and to issue the Series 2004C Bonds thereunder.

2. The Series 2004C Resolution has been duly adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2004C 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 Resolutions. The Series 2004C Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions and are entitled, together with all other Bonds issued under the Resolutions, to the equal benefits of the Resolutions 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 a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements that must be met subsequent to the issuance and delivery of the Series 2004C 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 2004C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2004C Bonds. The Authority has covenanted in the Series 2004C Resolution and the Tax Certificate as to Arbitrage and the Provisions of Sections 141–150 of the Internal Revenue Code (the "Tax Certificate") and the University has covenanted in the Loan Agreement and the Tax Certificate to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2004C Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the University have made certain representations and certifications in the Tax Certificate. We have also relied on the opinion of counsel to the University as to all matters concerning the status of the University as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law and assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Series 2004C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2004C Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest on the Series 2004C Bonds is exempt, by virtue of the Act, 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.

Except as stated in paragraphs 5 and 6 hereof, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Series 2004C Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2004C Bonds, or the interest thereon, if any action is taken with respect to the Series 2004C Bonds or the proceeds thereof upon the advice or approval of other counsel.

We have examined an executed Series 2004C Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2004C Bonds 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 University. We have assumed the due authorization, execution and delivery of the Loan Agreement by the University.

Very truly yours,

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