

EXISTING ISSUES
REOFFERED



\$56,825,000		
DORMITORY AUTHORITY OF THE STATE OF NEW YORK		
THE CULINARY INSTITUTE OF AMERICA INSURED REVENUE BONDS		
\$23,725,000 SERIES 2004C	\$18,225,000 SERIES 2004D	\$14,875,000 SERIES 2006
Date of Reoffering: May 27, 2008	Date of Reoffering: May 27, 2008	Date of Reoffering: May 29, 2008
Due: July 1, 2033	Due: July 1, 2034	Due: July 1, 2036
CUSIP ⁽¹⁾ 64983U7T1	CUSIP ⁽¹⁾ 64983TZS5	CUSIP ⁽¹⁾ 64983QV30
Price 100%	Price 100%	Price 100%

Payment and Security: The Culinary Institute of America Insured Revenue Bonds, Series 2004C (the "Series 2004C Bonds"), The Culinary Institute of America Insured Revenue Bonds, Series 2004D (the "Series 2004D Bonds") and The Culinary Institute of America Insured Revenue Bonds, Series 2006 (the "Series 2006 Bonds" and together with the Series 2004C Bonds and the Series 2004D Bonds, the "Reoffered 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 December 3, 2003, as amended (the "Loan Agreement") between The Culinary Institute of America (the "Institution") 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 tendered for purchase) established under the Authority's The Culinary Institute of America Insured Revenue Bond Resolution, adopted December 3, 2003, as amended and restated (the "Resolution"), and with respect to the Series 2004C Bonds, The Culinary Institute of America Series 2004C Resolution authorizing the Series 2004C Bonds, adopted December 3, 2003 (the "Series 2004C Resolution"), and with respect to the Series 2004D Bonds, The Culinary Institute of America Series 2004D Resolution authorizing the Series 2004D Bonds, adopted June 23, 2004 (the "Series 2004D Resolution"), and with respect to the Series 2006 Bonds, The Culinary Institute of America Series 2006 Resolution authorizing the Series 2006 Bonds, adopted July 26, 2006 (the "Series 2006 Resolution" and together with the Series 2004C Resolution and the 2004D Resolution, the "Series Resolutions").

The Reoffered Bonds are special obligations of the Authority payable solely from and secured by a pledge of certain payments to be made under the Loan Agreement and certain funds and accounts established under the Resolution, including the Debt Service Reserve Fund (as defined herein). The obligations of the Institution under the Loan Agreement to make such payments are secured by a pledge of certain revenues of the Institution.

On and after their respective Conversion Dates, each Series of the Reoffered Bonds will be additionally secured by, and principal of, Sinking Fund Installments and interest on and purchase price and redemption price of the Reoffered Bonds will be payable from amounts drawn by U.S. Bank Trust National Association, as Trustee and Tender Agent under an irrevocable, transferable direct pay letter of credit (each, a "Letter of Credit" and collectively, the "Letters of Credit") issued by TD Banknorth, N.A. (the "Bank").



The Letters of Credit will expire (subject to earlier termination) one (1) year following the applicable Conversion Date, but may be extended or replaced as described therein.

The Reoffered Bonds are not a debt of the State of New York nor is the State liable thereon. The Authority has no taxing power.

Description: The Series 2004C Bonds and the Series 2004D Bonds will be reoffered on May 27, 2008 (the "Series 2004 Conversion Date"). The Series 2006 Bonds will be reoffered on May 29, 2008 (the "Series 2006 Conversion Date"). The Reoffered Bonds will be reoffered as Variable Interest Rate Bonds and Option Bonds and as fully registered Bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. For the period commencing on their respective Conversion Dates, the Reoffered Bonds will bear interest at their respective Initial Rates for their respective Initial Rate Periods through and including the Wednesday following their respective dates of delivery. Thereafter, the Reoffered Bonds will bear interest at Weekly Rates for Weekly Rate Periods until converted to another Rate Period. Each Weekly Rate will be determined on the Business Day immediately preceding the first day of each Weekly Rate Period, payable in arrears, on the first Business Day of each calendar month, commencing on July 1, 2008, for as long as the Reoffered Bonds bear interest at a Weekly Rate.

The method of determining the interest rate to be borne by the Reoffered Bonds may be changed to other Rate Modes at the times and in the manner set forth herein. Unless otherwise set forth herein, the descriptions of the Reoffered Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Reoffered Bonds bear interest at a Weekly Rate.

The Reoffered Bonds have been 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 Reoffered Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Reoffered Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Reoffered 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 REOFFERED BONDS - Book-Entry Only System" herein.

Tenders for Purchase and Redemption: The Reoffered Bonds are subject to tender for purchase and optional redemption prior to maturity as more fully described herein.

Tax Exemption: On the respective dates of original issuance and delivery of each Series of the Reoffered Bonds, Bond Counsel delivered an opinion (each an "Approving Opinion") that under existing law and assuming compliance with the tax covenants described herein, interest on the Series of Reoffered Bonds being issued on that date is excluded from gross income for federal income tax purposes and is not treated as an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. Each Approving Opinion noted, however, that such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In each Approving Opinion, Bond Counsel also delivered its opinion that interest on the Series of Reoffered Bonds being issued on that date is exempt from personal income taxes of the State and its political subdivisions including The City of New York and the City of Yonkers. The Approving Opinions have not been updated or reissued in connection with the remarketing of the Reoffered Bonds. However, in connection with the conversion and remarketing of each Series of the Reoffered Bonds, Bond Counsel will deliver an opinion that the conversion of the interest rate on such series of Reoffered Bonds to a Weekly Rate, and the changes to certain other terms of the Reoffered Bonds that will occur simultaneously with such conversion, will not adversely affect the exclusion of interest on such Reoffered Bonds from gross income for federal or state income tax purposes. See "PART 8 - TAX EXEMPTION" herein regarding certain other tax considerations.

In connection with the change in the method of determining the interest rate for the Reoffered Bonds, certain legal matters will be passed upon by Hiscock & Barclay LLP, Albany, New York. Bond Counsel. Certain legal matters will be passed upon for the Institution by its counsel, Corbally, Gartland & Rappleyea, LLP, Poughkeepsie, New York. Certain legal matters will be passed upon for the Remarketing Agent by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. The Authority expects to complete the conversion and remarketing of the Series 2004C Bonds and the Series 2004D Bonds in New York, New York on May 27, 2008. The Authority expects to complete the conversion and remarketing of the Series 2006 Bonds in New York, New York on May 29, 2008.

RBC Capital Markets

May 20, 2008

(1) A CUSIP number has been assigned by an organization not affiliated with the Authority or the Institution and is included solely for the convenience of the Holders of the Reoffered Bonds. Neither the Authority nor the Institution is responsible for the selection or uses of this CUSIP number, nor is any representation made as to its correctness on the Reoffered Bonds or as indicated above.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Institution or the Remarketing Agent to give any information or to make any representations with respect to the Reoffered Bonds, other than the information and representations contained in this Reoffering Circular. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the Institution or the Remarketing Agent.

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 Reoffered 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 Institution, the Bank, the Insurer and other sources that the Authority believes are reliable. Neither the Authority nor the Remarketing Agent guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Remarketing Agent.

The Institution has reviewed the parts of this Reoffering Circular describing the Institution and Principal and Interest Requirements. It is a condition to the sale of and the delivery of the Reoffered Bonds that the Institution certify to the Remarketing Agent and the Authority that, as of the date of this Reoffering Circular and of delivery of the Reoffered Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Institution makes no representation as to the accuracy or completeness of any other information included in this Reoffering Circular.

Other than with respect to information concerning the Bank contained in Appendix F none of the information in this Reoffering Circular has been supplied or verified by the Bank, and the Bank makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Reoffered Bonds; or (iii) the tax status of the interest on the Reoffered Bonds.

EXCEPT FOR THE VERY LIMITED DESCRIPTION OF THE INSTITUTION CONTAINED HEREIN, NO INFORMATION WITH RESPECT TO THE INSTITUTION (FINANCIAL OR OTHERWISE) IS INCLUDED IN THIS REOFFERING CIRCULAR, AND THE INSTITUTION MAKES NO REPRESENTATION HEREIN CONCERNING ITS PRESENT OR FUTURE FINANCIAL CONDITION. POTENTIAL INVESTORS SHOULD BASE THEIR INVESTMENT DECISIONS WITH RESPECT TO THE REOFFERED BONDS SOLELY UPON THE CREDIT OF THE BANK.

Other than with respect to information concerning the Insurer contained in Appendix E, none of the information in this Reoffering Circular has been supplied or verified by the Insurer, and the Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Reoffered Bonds; or (iii) the tax status of the interest on the Reoffered Bonds.

References in this Reoffering Circular to the Act, the Resolution, the Series Resolutions and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series Resolutions and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series Resolutions 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 and the Institution have remained unchanged after the date of this Reoffering Circular.

IN CONNECTION WITH THE OFFERING OF THE REOFFERED BONDS, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE REOFFERED 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
MICHAEL T. CORRIGAN – ACTING EXECUTIVE DIRECTOR

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REOFFERING CIRCULAR RELATING TO
\$56,825,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
THE CULINARY INSTITUTE OF AMERICA INSURED REVENUE BONDS

\$23,725,000
SERIES 2004C

\$18,225,000
SERIES 2004D

\$14,875,000
SERIES 2006

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 Institution, in connection with the reoffering of \$23,725,000 principal amount of the Authority's The Culinary Institute Insured Revenue Bonds, Series 2004C (the "Series 2004C Bonds"), \$18,225,000 principal amount of the Authority's The Culinary Institute Insured Revenue Bonds, Series 2004D (the "Series 2004D Bonds") and \$14,875,000 principal amount of the Authority's The Culinary Institute Insured Revenue Bonds, Series 2006 (the "Series 2006 Bonds" and together with the Series 2004C Bonds and the Series 2004D Bonds, the "Reoffered Bonds").

On February 11, 2004, \$23,725,000 aggregate principal amount of Series 2004C Bonds were issued by the Authority pursuant to the Resolution, the Series 2004C Resolution and the Act. On July 22, 2004, \$19,000,000 aggregate principal amount of Series 2004D Bonds were issued by the Authority pursuant to the Resolution, the Series 2004D Resolution and the Act. On August 31, 2006, \$15,125,000 aggregate principal amount of Series 2006 Bonds were issued by the Authority pursuant to the Resolution, the Series 2006 Resolution and the Act. Proceeds from the Reoffered Bonds were used to finance various construction and renovation projects throughout the Institution's campus in Hyde Park, New York. All three Series of the Reoffered Bonds were initially issued as Variable Interest Rate Bonds in the Auction Rate Mode.

On February 11, 2004, the Authority also issued \$9,760,000 in aggregate principal amount of the Authority's The Culinary Institute Insured Revenue Bonds, Series 2004A (the "Series 2004A Bonds") and \$9,720,000 in aggregate principal amount of the Authority's The Culinary Institute Insured Revenue Bonds, Series 2004B (the "Series 2004B Bonds"). The Series 2004A Bonds and the Series 2004B Bonds are referred to collectively as the "Fixed Rate Bonds." The Fixed Rate Bonds are entitled to the security and other rights granted to bondholders under the Resolution (other than with regard to the Letters of Credit) on a parity with the Reoffered Bonds. The Fixed Rate Bonds will remain outstanding and are *not* reoffered for sale by this Reoffering Circular.

Pursuant to the terms of the Series 2004C Bond Series Certificate, dated as of February 4, 2004, as supplemented, if certain conditions are met on May 27, 2008 (the "Series 2004 Conversion Date"), from and after the Series 2004 Conversion Date, the Series 2004C Bonds will bear interest at a Weekly Rate. On the Series 2004 Conversion Date, the \$23,725,000 aggregate principal amount of Outstanding Series 2004C Bonds will be subject to mandatory tender by the Holders thereof for purchase at a price equal to 100% of the principal amount thereof, plus accrued interest.

Pursuant to the terms of the Series 2004D Bond Series Certificate, dated as of July 21, 2004, as supplemented, if certain conditions are met on the Series 2004 Conversion Date, from and after the Series 2004 Conversion Date, the Series 2004D Bonds will bear interest at a Weekly Rate. On the Series 2004 Conversion Date, the \$18,225,000

aggregate principal amount of Outstanding Series 2004D Bonds will be subject to mandatory tender by the Holders thereof for purchase at a price equal to 100% of the principal amount thereof, plus accrued interest.

Pursuant to the terms of the Series 2006 Bond Series Certificate, dated as of August 30, 2006, as supplemented, if certain conditions are met on May 29, 2008 (the "Series 2006 Conversion Date"), from and after the Series 2006 Conversion Date, the Series 2006 Bonds will bear interest at a Weekly Rate. On the Series 2006 Conversion Date, the \$14,875,000 aggregate principal amount of Outstanding Series 2006 Bonds will be subject to mandatory tender by the Holders thereof for purchase at a price equal to 100% of the principal amount thereof, plus accrued interest.

The following is a brief description of certain information concerning the Reoffered Bonds, the Authority and the Institution. A more complete description of such information and additional information that may affect decisions to invest in the Reoffered 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. Unless otherwise set forth herein, the descriptions of the Reoffered Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Reoffered Bonds bear interest at a Weekly Rate.

Potential investors are hereby notified that they are purchasing the Reoffered Bonds based *SOLELY* on the credit of the Bank and, except for a very limited description of the Institution contained under the caption "PART 4 – THE INSTITUTION," no information (financial or otherwise) is included in this Reoffering Circular concerning the Institution, nor is the Institution required to provide any ongoing continuing secondary market information.

Authorization of Issuance

The Reoffered Bonds were issued pursuant to the Resolution, the respective Series Resolutions and the Act. In addition to the Reoffered Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay other Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority issued for the benefit of the Institution. 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 rank on a parity with each other and are secured equally and ratably with each other. Each Series of Bonds shall additionally be insured by a municipal bond insurance policy. See PART 2 – "SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS."

The Authority

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational and not-for-profit institutions. See "PART 5 - THE AUTHORITY."

The Institution

The Institution is an independent, education corporation chartered by the Board of Regents of the University of the State of New York. The Institution's main campus is located in Hyde Park, New York. See "PART 4 - THE INSTITUTION"

Amended and Restated Documents

On March 26, 2008, the Authority adopted Supplemental Resolutions authorizing the amendment and restatement of the Resolution and each of the Series Resolutions under which the Reoffered Bonds were originally issued. The Series Resolutions, as amended and restated, authorize the execution by an officer of the Authority of an Amended and Restated Bond Series Certificate for each Series of the Reoffered Bonds. It is expected that an Amended and Restated Bond Series Certificate with respect to each Series of the Reoffered Bonds will be executed on the Conversion Date for such Series.

This Reoffering Circular describes the terms of the Reoffered Bonds as provided for in the Amended and Restated Resolution, the Amended and Restated Series Resolutions and the Amended and Restated Bond Series Certificates and all references to the Resolution, the Series Resolutions and the Bond Series Certificates are to such documents as amended and restated. Certain terms of the Resolution, as amended and restated, are summarized in Appendix C to this Reoffering Circular. By purchasing the Reoffered Bonds, a purchaser will be deemed to have consented to the amendment of the Resolution, the Series Resolutions and the Bond Series Certificates.

The Reoffered Bonds

The Series 2004C Bonds and the Series 2004D Bonds are being reoffered as Variable Interest Rate Bonds and will bear interest from the Series 2004 Conversion Date at their Initial Rates for their Initial Rate Periods ending on the Wednesday following the Series 2004 Conversion Date and thereafter will bear interest in the Weekly Rate Mode until converted to another Rate Mode. The Series 2004C Bonds will mature on July 1, 2033 and the Series 2004D Bonds will mature on July 1, 2034.

The Series 2006 Bonds are being reoffered as Variable Interest Rate Bonds and will bear interest from the Series 2006 Conversion Date at their Initial Rate for their Initial Rate Period ending on the Wednesday following the Series 2006 Conversion Date and thereafter will bear interest in the Weekly Rate Mode until converted to another Rate Mode. The Series 2006 Bonds will mature on July 1, 2036.

The Weekly Rate will be determined on the Business Day preceding the beginning of each Weekly Rate Period and will be paid on the first Business Day of each month. At the election of the Authority with the consent of the Institution, the Reoffered Bonds, or a portion thereof, may be converted to bear interest in another Rate Mode, including the Fixed Rate Mode, determined and payable as described in the Bond Series Certificate. See "PART 3 - THE REOFFERED BONDS."

The Reoffered Bonds are subject to tender for purchase at the option of the Holders on any Business Day during a Weekly Rate Period, and mandatory tender upon conversion to another Rate Mode or upon the expiration or termination of the Letters of Credit then in effect, in each case at a Purchase Price equal to the principal amount of the Reoffered Bonds to be purchased, plus, except as described herein, accrued interest, if any, to the Purchase Date. Such purchases are payable from proceeds of the remarketing of the Reoffered Bonds, from moneys obtained under the Letters of Credit then in effect for the Reoffered Bonds and from moneys furnished by or on behalf of the Institution in accordance with the Resolution and Loan Agreement. RBC Capital Markets has been appointed as the Remarketing Agent for the Reoffered Bonds.

For a more complete description of the Reoffered Bonds, the determination of interest rates, conversion to another Rate Mode and optional and mandatory tenders, see "PART 3 - THE REOFFERED BONDS."

Payment of the Reoffered Bonds

The Reoffered Bonds and all other Bonds which have been and may be 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 Institution under the Loan Agreement, which payments are pledged and assigned to the Trustee. The Loan Agreement is a general obligation of the Institution. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS - Payment of the Reoffered Bonds."

Security for the Reoffered Bonds

On the respective Conversion Dates for each Series of the Reoffered Bonds, the Institution will cause to be delivered to U.S. Bank Trust National Association, as Trustee in connection with each Series of the Reoffered Bonds, an irrevocable, transferable direct pay letter of credit (each, a "Letter of Credit" and collectively, the "Letters of Credit") to be issued by TD Banknorth, N.A. (the "Bank") to additionally secure the Reoffered Bonds. The Letters of Credit will be issued pursuant to the terms of a Reimbursement Agreement dated May 1, 2008 (the "Reimbursement Agreement") between the Institution and the Bank. Pursuant to the Resolution, the respective Series Resolutions and the respective Bond Series Certificates, the Trustee is instructed to draw on the applicable Letter of Credit to pay principal, Sinking Fund Installments, Redemption Price and Purchase Price of and interest on the applicable Series of Reoffered Bonds when due.

In addition, the payment of principal of and interest on the Reoffered Bonds, but not the Purchase Price, are insured in accordance with the terms of the financial guaranty insurance policies (the "Policies") that were issued by XL Capital Assurance Inc. (the "Insurer") in connection with the Reoffered Bonds. The Policies remain in effect and each Series of the Reoffered Bonds continues to be insured by its respective Policy but, commencing with the delivery of the Letters of Credit on the respective Conversion Date for each Series of the Reoffered Bonds, principal of and interest on the Reoffered Bonds will first be paid from funds drawn under the applicable Letter of Credit relating to each Series of Reoffered Bonds.

The Reoffered Bonds are also secured, on a parity with the Fixed Rate Bonds, by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues, subject to Prior Pledges, granted by

the Institution to the Authority under the Loan Agreement. The Reoffered Bonds are also secured, on a parity with the Fixed Rate Bonds, by all funds and accounts authorized by the Resolution and established by the applicable Series Resolution (with the exception of the Arbitrage Rebate Fund, the Credit Facility Provider Repayment Fund or any fund or account established for the payment of the Purchase Price or Redemption Price of Option Bonds tendered for purchase or redemption), which includes a Debt Service Reserve Fund.

The Resolution authorizes the issuance by the Authority, from time to time, of Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution. All Bonds issued under the Resolution rank on a parity and share equally and ratably in the security provided by the Resolution. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE BONDS – Issuance of Additional Bonds.”

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

The Letters of Credit

Principal, Sinking Fund Installments and Redemption Price of, and interest on, the Reoffered Bonds in the Weekly Rate Mode will be paid from funds drawn under the applicable Letter of Credit relating to each Series of the Reoffered Bonds. The Purchase Price of tendered Reoffered Bonds will also be paid from funds drawn under the Letter of Credit relating to each Series of Reoffered Bonds to the extent that cash proceeds from the remarketing of such tendered Reoffered Bonds of a Series are not available therefor. Under the Letters of Credit, the Bank is obligated to pay to the Trustee, upon presentation of required documentation, the amount necessary to pay the principal, Sinking Fund Installments, Redemption Price and Purchase Price of, and up to 34 days’ interest on, the applicable Series of Reoffered Bonds. The Letters of Credit provide that they will expire one (1) year following the applicable Conversion Date or earlier upon the occurrence of certain events described herein. See “PART 2 – SOURCE OF PAYMENT AND SECURITY” and “Appendix F – The Bank.”

Bond Insurance

On the original issuance dates of each Series of the Reoffered Bonds, the Insurer issued a financial guaranty insurance policy for guaranteeing the payment of the principal and Sinking Fund Installments of and the interest on the applicable Series of Reoffered Bonds when due. The financial guaranty insurance policies do not guarantee the payment of the Purchase Price of Reoffered Bonds which have been tendered for purchase by the owners thereof and not remarketed. The Policies continue in effect, but commencing on the respective Conversion Dates for each Series of the Reoffered Bonds, principal of and interest on each Series of the Reoffered Bonds will be paid from funds drawn under the applicable Letter of Credit relating to such Series of Reoffered Bonds. See “Appendix E – The Insurer and Specimen Financial Guaranty Insurance Policies delivered on Original Issuance of the Reoffered Bonds.”

The Mortgages

The Institution’s obligations to the Authority under the Loan Agreement in relation to the Reoffered Bonds and other Bonds issued pursuant to the Resolution have been additionally secured by the Mortgages on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith. The Authority may, but has no present intention to, assign the Mortgages and such security interests to the Trustee. Upon occurrence of certain Events of Default under the Resolution, the Authority, upon request of the Insurer, is obligated to assign the Mortgages and such security interests to the Trustee. Unless the Mortgages and such security interests are assigned to the Trustee, neither the Mortgages, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Reoffered Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS - The Mortgages.”

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Reoffered 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 applicable Series Resolutions, the applicable Bond Series Certificates, the Letters of Credit, the Reimbursement Agreement and the Policies. Copies of the Loan Agreement, the Resolution, the Series Resolutions, the Bond Series Certificates, the Letters of Credit, the Reimbursement Agreement and the Policies are on file with the Authority and the Trustee. See also "Appendix B - Summary of Certain Provisions of the Loan Agreement" and "Appendix C - Summary of Certain Provisions of the Amended and Restated Resolution" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Reoffered Bonds

The Reoffered Bonds are special obligations of the Authority payable solely from the Revenues and from monies and securities held by the Trustee pursuant to the Resolutions, funds drawn under the Letters of Credit and amounts paid by the Insurer under the Policies. Payments of principal and Redemption Price of and interest on the Reoffered Bonds will be paid initially with funds drawn on the Letters of Credit. The Trustee will apply a portion of the Revenues to reimburse the Bank for amounts drawn on the Letters of Credit.

The Revenues consist of the payments required to be made by the Institution under the Loan Agreement to satisfy the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Reoffered Bonds and to maintain the Debt Service Reserve Fund at its requirement. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Reoffered Bonds and to the provider of any Credit Facility as security for the performance by the Institution of its obligations under the reimbursement agreement between the Institution and such Credit Facility Provider.

The Loan Agreement is a general obligation of the Institution and obligates the Institution to make payments to satisfy the principal and Sinking Fund Installments of and interest on Outstanding Bonds. Generally, such payments (excepting interest on Variable Interest Rate Bonds) are to be made monthly on the 10th day of each month. Each such payment is to be equal to a proportionate share of the interest on Fixed Rate Bonds coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the Institution to make payments sufficient to pay interest on Variable Interest Rate Bonds three Business Days prior to each Interest Payment Date therefor and 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 REOFFERED BONDS - Redemption Provisions."

The Authority has directed, and the Institution has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of principal and Redemption Price of and interest on the Bonds outstanding under the Resolution (including the Fixed Rate Bonds) and, while the Letters of Credit are in effect, to reimburse the Bank for amounts drawn under the Letters of Credit to pay the principal of, Sinking Fund Installments, if any, Purchase Price or Redemption Price of, and interest on the Reoffered Bonds, and for certain other purposes authorized by the Resolutions.

Security for the Reoffered Bonds

The Reoffered Bonds are secured by the Letters of Credit applicable to each Series of Reoffered Bonds and by the pledge and assignment of the Revenues, all funds and accounts authorized and established under the Resolutions, including the Debt Service Reserve Fund (with the exception of the Arbitrage Rebate Fund, the Credit Facility Provider Repayment Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase) and the Authority's security interest in the Pledged Revenues, subject to Prior Pledges. With respect to the pledge and assignment of the Revenues and the funds and accounts under the Resolution, the Reoffered Bonds are on a parity with the Fixed Rate Bonds.

Additionally, the financial guaranty insurance policies of the Insurer remain in effect for the Reoffered Bonds and the Fixed Rate Bonds.

The Letters of Credit

The Institution has entered into a Reimbursement Agreement, dated as of May 1, 2008 (the “Reimbursement Agreement”) with the Bank, pursuant to which the Bank will issue the Letters of Credit in favor of the Trustee. The Letters of Credit are irrevocable, transferable direct-pay letters of credit, each in an amount sufficient to pay the aggregate principal amount of, or a portion of the Purchase Price corresponding to the principal of, the applicable Series of the Reoffered Bonds and up to 34 days’ interest on the applicable Series Reoffered Bonds, or a portion of the Purchase Price corresponding to interest on such Series of the Reoffered Bonds (computed at an assumed rate of twelve percent (12%) per annum), when such Series of Reoffered Bonds bears interest at the Weekly Rate. Under the Reimbursement Agreement, the Institution will agree to reimburse the Bank for draws under the Letters of Credit.

The Letters of Credit provide that they will expire one (1) year following the applicable Conversion Date, or earlier upon the occurrence of certain events described herein and may be extended as described therein. The Letters of Credit will expire on (i) the earlier of (A) the date which is five (5) days following the date on which the applicable Series of Reoffered Bonds have been converted to an Interest Rate Mode other than the Weekly Rate (the “Letter of Credit Conversion Date”) or (B) the date on which the Bank honors a drawing under the Letter of Credit on or after the Letter of Credit Conversion Date, (ii) the date on which the Bank receives a notice from the Trustee confirming (A) no Reoffered Bonds remain outstanding under the Resolution, (B) all drawings required to be made under the Resolution and the Bond Series Certificate have been made and honored or (C) a substitute Liquidity Facility has been issued to replace the Letter of Credit pursuant to the Bond Series Certificate; and (iii) the date which is fifteen (15) days following receipt by the Trustee of a written notice from the Bank specifying the occurrence of an Event of Default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Reoffered Bonds.

The Resolution, the Series Resolutions and the Bond Series Certificates provide that the Trustee will make timely drawings under the Letters of Credit in accordance with the terms thereof (i) to pay when due (whether by maturity, redemption or otherwise) the principal of and interest on the applicable Series of Reoffered Bonds and (ii) to the extent that cash proceeds from the remarketing of tendered Reoffered Bonds of a Series are not available therefor, to pay when due the Purchase Price of such tendered Reoffered Bonds.

Under certain circumstances, the Letters of Credit may be replaced by substitute Letters of Credit. The Reoffered Bonds are subject to mandatory tender for purchase upon the effective date of any substitute Letter of Credit.

The Letters of Credit are issued pursuant to the Reimbursement Agreement. The Reimbursement Agreement obligates the Institution, among other things, to reimburse the Bank for funds advanced by the Bank under the Letters of Credit and to pay various fees and expenses. The Reimbursement Agreement sets forth conditions to the issuance of the Letters of Credit and certain representations and warranties that are to be true at the date of issuance of the Letters of Credit. Such representations and warranties include representations as to: due organization and legal existence of the Institution; due execution and delivery of the Resolution, the Series Resolutions, the Bond Series Certificates, the Reimbursement Agreement, the Remarketing Agreement and any documents securing the Letters of Credit or the Reimbursement Agreement (collectively, the “Related Documents”); enforceability of the Related Documents; litigation; compliance with laws and regulations, including ERISA and environmental laws; accuracy of certain financial and other information; property rights and title; taxes; absence of certain events of default; compliance with other agreements; insurance; accreditation; and licensing.

The Reimbursement Agreement also contains certain covenants and reporting requirements. Such covenants of the Institution include: payment in accordance with the terms of the Reimbursement Agreement and Related Documents of amounts due to the Bank; appointment of a successor Remarketing Agent; compliance with laws; payment of taxes and maintenance of tax-exempt status; maintenance of properties; maintenance of insurance; preservation of existence and accreditation; compliance with environmental matters; conversion of the Reoffered Bonds; maintenance of underlying ratings; certain financial covenants; rights of access to books and records; limitations on incurrence of liens; and limitations on amendments to the Related Documents without Bank consent. Reporting requirements of the Institution include requirements to furnish: annual audited financial statements and an unqualified accountant’s opinion; annual operating budget; annual admissions statistics; notice of Events of Default under the Reimbursement Agreement; notice of material litigation or proceedings; notice of certain environmental matters; and such other information as the Bank may request.

The Reimbursement Agreement also sets out certain Events of Default. These include: (i) failure to pay principal or interest due on the Reoffered Bonds; (ii) any representation or warranty of the Institution proving to be untrue in any material respect; (iii) failure to pay obligations to the Bank under the Reimbursement Agreement when due; (iv) the Institution's denial of liability or obligation under the Reimbursement Agreement or the Related Documents or a final and non-appealable order or finding of a court or government agency is entered to the effect that any payment provision of the Reimbursement Agreement or any Related Document is not valid and binding on the Institution under applicable law; (v) the breach of the Institution's covenants relating to corporate existence and accreditation, amendment of documents without Bank consent, marketing of the Reoffered Bonds pursuant to the Reoffering Circular; voluntary redemption of the Reoffered Bonds; conversion from a Weekly Rate; maintenance of insurance; maintenance of underlying ratings; and maintenance of the Minimum Expendable Net Assets Ratio (subject to the limitations contained in the Reimbursement Agreement); (vi) default under any other provision of the Reimbursement Agreement or the Related Documents that is not remedied within 30 days after notice from the Bank; (vii) termination of any Related Document or material term thereof; (viii) the Institution's breach of any of the terms or provisions of the Mortgage or Subordinated Mortgage, which is not remedied within 10 days after written notice from the Bank; (ix) the substitution or cancellation of the applicable bond insurance policy; (x) a ruling from the Internal Revenue Service that the interest on the Reoffered Bonds is includable in the gross income of the owners of the Reoffered Bonds; (xi) dissolution of the Institution or bankruptcy, reorganization or similar proceedings involving the Institution, other than involuntary proceedings dismissed within 60 days; (xii) the occurrence of certain ERISA-related events; (xiii) the entering of an order, non-interlocutory judgment or decree against the Institution involving an aggregate liability of \$1,000,000 or more; (xiv) the rendering of a materially adverse non-monetary judgment, order or decree; (xv) the Institution's non-payment of or default relating to any debt in excess of \$1,000,000 or such debt becoming due and payable prior to the scheduled repayment or the stated maturity thereof; (xvi) either of Moody's or S&P downgrades its rating with respect to the senior unsecured debt obligations of the Institution to a rating below Baa3 of BBB-1, respectively, or withdraws or suspends its ratings thereon; or (xvii) during the Term Out (as defined in the Reimbursement Agreement), failure to pay when due (A) any amount due under the Reimbursement Agreement in respect of the reimbursement of Drawings (as defined in the Reimbursement Agreement) under the Letters of Credit or due under the Bonds (including any Bank Bonds) or (B) any other amount due under the Reimbursement Agreement, other than those described in sub-clause (A) immediately above.

Upon the occurrence of any Event of Default, the Bank, may, from time to time, (i) give Notice of Default of the occurrence of any Event of Default to the Trustee, which Default Notice shall state that it is a Default Notice under the Reimbursement Agreement and direct the Trustee to cause a mandatory tender of the Reoffered Bonds pursuant to the applicable Bond Series Certificate, or (ii) declare, by written notice to the Borrower, to be immediately due and payable, whereupon the same shall become immediately due and payable, all unpaid amounts due under the Reimbursement Agreement.

In the event that on the earlier of (i) the expiration dates of the Letters of Credit, (ii) the 45th day following date of purchase of any Bank Bonds and (iii) the date the Bank delivers a Default Notice pursuant to the applicable Bond Series Certificate and the Reimbursement Agreement (the "*Term Out Date*"), such Bank Bonds then held by the Bank cannot be remarketed by the Remarketing Agent, the Bank will continue to hold for an additional period of up to five (5) years (such additional period, the "*Term Out Period*") from the Term Out Date any such Bank Bonds then held by it (the "*Term Out*"); *provided* that the Institution shall cause the Trustee to redeem (from moneys provided by the Institution for such purpose) such Bank Bonds by paying to the Bank the aggregate amount of principal and interest due on the Bank Bonds pursuant to the Reimbursement Agreement, in twenty (20) equal principal amounts (rounded up so that the Bank Bonds will be redeemed in Authorized Denominations) on a quarterly basis, on each third Interest Payment Date after the Term Out Date so that all Bank Bonds are redeemed by the last day of the Term Out Period.

Notwithstanding anything contained in the Reimbursement Agreement, the Bank may pursue any rights and remedies it may have under the Related Documents relating to the Reoffered Bonds or pursue any other action available at law or in equity.

The Reimbursement Agreement also contains provisions as to indemnification of the Bank by the Institution, amendments and waivers, notices and other miscellaneous provisions.

The Bank and the Institution, with the prior written consent of the Insurer, shall have the right to amend, modify, change, add to or delete any provisions of the Reimbursement Agreement, including, but not limited to, adding cross-defaults to any other documents and agreements, without receiving the consent of, or

providing notice to, the Trustee, the Authority or the Bondholders. The Bank (and the Institution in the case of the Reimbursement Agreement) shall also have the right, in its sole discretion, to waive any Event of Default under any Related Document. Unless such waiver expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the Event of Default so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

For information on the Bank, see “Appendix F – The Bank.”

Bond Insurance

On the original issuance dates of each Series of the Reoffered Bonds, the Insurer issued a financial guaranty insurance policy guaranteeing the payment of the principal and Sinking Fund Installments of and the interest on the applicable Series of Reoffered Bonds when due. The financial guaranty insurance policies do not guarantee the payment of the Purchase Price of Reoffered Bonds which are tendered for purchase by the owners thereof and not remarketed. The Policies continue in effect, but commencing on the respective Conversion Dates for each Series of the Reoffered Bonds, principal of and interest on each Series of the Reoffered Bonds will first be paid from funds drawn under the applicable Letter of Credit relating to such Series of Reoffered Bonds. In the event the Bank fails to honor a drawing under the Letters of Credit for scheduled payments of principal of and interest on the Reoffered Bonds, the Institution’s payments under the Loan Agreement would be applied to make such payments. In the event the Institution fails to make such payments (other than payments related to optional or special redemptions) the Insurer is obligated to make such payments under the applicable financial guaranty insurance policy.

In addition to providing the financial guaranty insurance policies with respect to the Reoffered Bonds, the Insurer also provides a financial guaranty insurance policy with respect to the Fixed Rate Bonds.

For information on the Insurer, see “Appendix E – The Insurer and Specimen Financial Guaranty Insurance Policies delivered on Original Issuance of the Reoffered Bonds.”

Consent Rights of Insurer and Credit Facility Provider

Under the Resolution, whenever the Holders of Outstanding Bonds may exercise any right or power, consent to an amendment, modification or waiver, or request or direct the Trustee to take any action, the Insurer of a Bond is deemed to be the Holder of such Bond, unless the Insurer is in default in its payment obligations under the Policies. The foregoing does not apply to a consent or direction with respect to the exercise of remedies for an Event of Default relating to a failure of the Authority to comply with requirements of the Code necessary to maintain the exclusion from gross income of interest on the Bonds.

The Resolution also provides that if no financial guaranty insurance policy is in effect with respect to a Series of Bonds, or if an Insurer Default (defined below) has occurred and has not been cured, a Credit Facility Provider will be deemed to be the Holder of any Bond of the Series of Bonds to which its Credit Facility relates for the purpose of exercising any right or power, consenting to an amendment, modification or waiver, or requesting or directing Trustee to take any action and will have the rights otherwise accorded to the Insurer with respect to such Series of Bonds, unless a Credit Facility Provider Default has occurred and has not been cured. The foregoing does not apply to a consent or direction with respect to the exercise of remedies for an Event of Default relating to a failure of the Authority to comply with requirements of the Code necessary to maintain the exclusion from gross income of interest on the Bonds. For the purpose of this provision only, “Insurer Default” means the occurrence of any one or more of the following events:

- (i) the Insurer has failed, wholly or partially, to make a payment of principal or interest as required under the financial guaranty insurance policy and such failure has not been cured;
- (ii) the occurrence of any of the following events:
 - (A) the issuance of an order of rehabilitation, liquidation, supervision or dissolution of the Insurer;
 - (B) the commencement by the Insurer of a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency, insurance or other similar law;
 - (C) the commencement against the Insurer of an involuntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency, insurance or other similar law, if such case or proceeding continues undismissed or unstayed and in effect for a period of 60 days or if the Insurer consents to any such relief against it;
 - (D) a receiver, supervisor or similar official is appointed in any involuntary case against the Insurer under any bankruptcy, insolvency, insurance or other similar law now or hereafter in effect; or

- (E) the failure of the Insurer to generally pay its indebtedness as it becomes due;
- (iii) the Insurer claims in writing that the financial guaranty insurance policy is not valid and binding on the Insurer, repudiates the obligations of the Insurer under the financial guaranty insurance policy, or initiates any legal proceedings to seek an adjudication that the financial guaranty insurance policy is not valid and binding on the Insurer; or
- (iv) any governmental authority with jurisdiction to rule on the validity of the financial guaranty insurance policy determines that financial guaranty insurance policy is not valid and binding on the Insurer.

Pledged Revenues

As security for its obligations under the Loan Agreement, the Institution has granted to the Authority a security interest in the Pledged Revenues, subject to the Prior Pledges, consisting of an aggregate amount of tuition and fees charged to students and received or receivable by the Institution equal to the maximum annual debt service in the then current or any future calendar year on the then Outstanding Bonds. The Authority has pledged and assigned to the Trustee for the benefit of the Holders of all Bonds issued under the Resolution its security interest in the Pledged Revenues. Pursuant to the Loan Agreement, the Institution has covenanted not to incur additional debt if the lien securing such debt would constitute a prior pledge relative to the security interest in Pledged Revenues.

Debt Service Reserve Fund

The Resolution establishes the Debt Service Reserve Fund which is to be held by the Trustee, is to be applied solely for the purposes specified in the Resolution and is pledged to secure the payment of the principal, Sinking Fund Installments and Redemption Price of and interest on the Bonds, including the Reoffered Bonds and the Fixed Rate Bonds. The Resolution requires that the Debt Service Reserve Fund be maintained at an amount equal to the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year (excluding interest accrued on such Bonds prior to July 1 of the next preceding year). However, the Debt Service Reserve Fund Requirement is limited to the amount of proceeds of such Bonds that are permitted by the Code to be used to fund the Debt Service Reserve Fund. In calculating the Debt Service Reserve Fund Requirement when Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds or Variable Interest Rate Bonds are Outstanding, the Resolution requires that certain assumptions be made. See "Appendix A - Certain Definitions - Debt Service Reserve Fund Requirement."

Except as noted below, moneys in the Debt Service Reserve Fund are to be withdrawn and deposited in the Debt Service Fund whenever the amount in such Debt Service Fund on any interest payment date is less than the amount which is necessary to pay the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable on such interest payment date. For so long as such Letters of Credit shall be in effect, money in the Debt Service Reserve Fund shall be withdrawn by the Trustee and applied pro-rata to (i) the payment of principal and Sinking Fund Installments of and interest on the Fixed Rate Bonds and (ii) a transfer to the Credit Facility Provider Repayment Fund of the Debt Service Fund to the extent that the amounts on deposit in the Credit Facility Provider Repayment Fund are insufficient to fully reimburse the Bank for draws under the Letters of Credit for the payment when due of the principal of, Sinking Fund Installments Premium, if any, and interest on the Reoffered Bonds.

The Resolution, the Series Resolutions and the Loan Agreement require that the Institution promptly restore the Debt Service Reserve Fund to its requirement upon receiving notice of a deficiency. See "Appendix C - Summary of Certain Provisions of the Amended and Restated Resolution."

At the time of issuance of each series of the Reoffered Bonds, the obligation of the Institution to fund the Debt Service Reserve Fund was satisfied, in part, by the delivery of a Reserve Fund Facility issued by the Insurer in an amount equal to 50% of the Debt Service Reserve Fund Requirement applicable to such series. The remaining 50% of the Debt Service Reserve Fund Requirement was satisfied by a deposit of cash proceeds of the issuance of the Reoffered Bonds. Due to recent developments relating to the Insurer, the Reserve Fund Facilities do not meet the rating requirements that would be applicable under the Resolution to Reserve Fund Facilities issued by providers other than the Insurer. As a result, it is expected that the Institution will be obligated to deposit to the Debt Service Reserve Fund, in 10 equal semi-annual installments beginning July 1, 2008, an amount of additional cash or securities equal to the amount of the Reserve Fund Facilities. (See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS – The Insurer – Recent Developments".)

Certain Financial Covenants of the Institution

The Loan Agreement contains certain covenants by the Institution wherein the Institution agrees to the following:

Maintenance of Expendable Fund Balances

The Institution agrees to have on May 31, 2008, and thereafter on each of the last day of the second quarter of the Institution's Fiscal Year and the last day of its Fiscal Year, Expendable Net Assets that are at least equal to 65% of the principal balance of its Long-Term Indebtedness outstanding on such dates. Such Expendable Net Assets Requirement increases to 75% on and after May 31, 2010. In the event the Institution fails to meet the Expendable Net Assets Requirement, the Institution may be required to engage a financial management consultant mutually acceptable to the Institution and the Insurer to review the financial affairs of the Institution and submit recommendations as to actions the Institution could take to cause its Expendable Net Assets to at least equal the Expendable Net Assets Requirement. Notwithstanding the foregoing, the Institution will not be considered to have failed to meet the Expendable Net Assets Requirement if such failure were due solely to a decline in the market value of the Expendable Net Assets as a consequence of general market changes.

Additional Long-term Debt

Except as otherwise provided, the Institution will not issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority and the Insurer. Notwithstanding the foregoing, the Institution may issue, incur, assume or guarantee Indebtedness without the consent of the Authority or the Insurer, provided that the Institution delivers to the Authority and the Insurer (1) written confirmation from Moody's Investor Service to the effect that the ratings assigned to the Outstanding Bonds, without regard to enhancement or insurance, have not been withdrawn, suspended or reduced to below Baa2, and (2) a certification of an independent certified public accountant to the effect that the Expendable Net Assets at the end of the calendar month immediately preceding the date on which such Secured Indebtedness is issued, incurred, assumed or guaranteed were at least equal to 75% of the principal amount of Long-Term Indebtedness then outstanding after giving effect to the issuance, incurrence, assumption or guaranty of such additional Indebtedness. Refunding Debt may be issued without the consent of the Insurer and the Authority, provided (i) there is no increase in Maximum Annual Debt Service on the Institution's outstanding Indebtedness and (ii) the Institution delivers a certificate of an Independent Certified Public Accountant to the effect.

For a more complete description of the financial covenants of the Institution contained in the Loan Agreement, see "Appendix B - Summary of Certain Provisions of the Loan Agreement."

The Mortgages

In connection with the original issuance of the Reoffered Bonds, the Institution executed and delivered the Mortgages to the Authority and granted the Authority a security interest in certain fixtures, furnishings and equipment to secure the payments relating to the Bonds, including the Reoffered Bonds, required to be made by the Institution pursuant to the Loan Agreement. The Authority may assign its rights under the Loan Agreement and the Mortgages and its security interests to the Trustee, but has no present intention to do so. Upon occurrence of certain Events of Default under the Resolution, the Authority, upon the request of the Insurer, is obligated to assign the Mortgages and the security interests in the fixtures, furnishings and equipment now or hereafter located in or used in connection with the Mortgaged Property to the Trustee for the benefit of the Holders of the Reoffered Bonds. Unless the Mortgages and the security interests are assigned to the Trustee, neither the Mortgages nor the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Reoffered Bonds. Property subject to the Mortgages may be released, and such Mortgages may be amended without the consent of the Trustee or the Holders of any Bonds.

Events of Default and Acceleration

The following are events of default under the Resolution: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by the Authority in the payment of interest on any Bond; (iii) with respect to the Bonds of any Series, a default by the Authority in the due and punctual performance of any covenant or agreement contained in a Series Resolution authorizing the issuance of such Series of Bonds to comply with the provisions of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) a default by the Authority in the due

and punctual performance of any covenants, conditions, agreements or provisions contained in the Bonds or in the Resolution or in any Series Resolution which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecutes the cure thereof; or (v) the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the Institution under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the Institution under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee, upon the written request of Holders of not less than 25% in principal amount of the Outstanding Bonds, is to declare the principal of and interest on all the Outstanding Bonds to be due and payable; provided, however, that, the Trustee shall not give notice that the principal of and interest on the Outstanding Bonds is declared to be due and payable, unless the Insurer, who is deemed to be the Holder of the Bonds insured by it pursuant to the Resolution, so long as it is not in default in its payment obligations under its financial guaranty insurance policy, shall consent in writing to such declaration. At the expiration of 30 days from the giving of such notice, such principal and interest will become due and payable. The Trustee may, 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, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment. For all purposes of the declaration of an event of default or the exercise of remedies under the Resolution, other than the exercise of any remedy as a result of the occurrence of an event of default described in clause (iii) of the first paragraph under this subheading, the Insurer of the Bonds of a Series will be deemed to be the Holder of such Bonds so long as such Insurer is not in default in the performance of its payment obligations under the financial guaranty insurance policy relating to the Bonds of such Series.

Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to observe, or refusal to comply with, the covenant described in clause (iii) of the first paragraph under this subheading, 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 Holders of the Bonds 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 a Series of Bonds, and the interest accrued thereon, to be due and payable immediately as a result of the Authority's failure or refusal to observe or 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 Insurer and each Facility Provider as soon as practicable, to the Institution within five days and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal or Redemption Price of or interest on any of the Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds.

Issuance of Additional Bonds

In addition to the Reoffered 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 Institution. The Bonds which may be issued 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, except with respect to amounts paid under a credit facility for a particular Series of Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution. However, see "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS - Certain Financial Covenants of the Institution" for a discussion of the provisions included in the Loan Agreement that must be satisfied prior to the issuance of additional Secured Indebtedness.

General

The Reoffered Bonds are not a debt of the State nor is the State 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 5 - THE AUTHORITY.”

PART 3 - THE REOFFERED BONDS

Set forth below is a narrative description of certain provisions relating to the Reoffered 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 B - Summary of Certain Provisions of the Loan Agreement” and “Appendix C - Summary of Certain Provisions of the Amended and Restated Resolution” for a more complete description of certain provisions of the Reoffered Bonds.

General

The Reoffered Bonds were issued by the Authority pursuant to the Resolution and the applicable Bond Series Certificate. The Reoffered Bonds are fully registered bonds and will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC’s Book-Entry Only System. So long as DTC or its nominee, Cede & Co., is the registered owner of the Reoffered Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Reoffered Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Reoffered Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). See “PART 3 - THE REOFFERED BONDS - Book-Entry Only System.” If the Reoffered Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal, Purchase Price or Redemption Price of Reoffered Bonds will be payable at the principal corporate trust office of U.S. Bank Trust National Association, New York, New York, as Trustee, Paying Agent and Tender Agent upon presentation and surrender of such Reoffered Bonds to it.

The Reoffered Bonds may be exchanged for other Reoffered Bonds of the same Series in any other authorized denominations upon payment of a charge sufficient to reimburse the Authority or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange and for the cost of preparing the new bond, and otherwise as provided in the Resolution. The Authority will not be obligated to make any exchange or transfer of Reoffered Bonds (i) during the period beginning on the Record Date next preceding an Interest Payment Date for such Reoffered Bonds and ending on such Interest Payment Date or (ii) after the date next preceding the date on which the Trustee commences selection of Reoffered Bonds for redemption.

Description of the Reoffered Bonds

General

The Series 2004C Bonds will mature on July 1, 2033. The Series 2004D Bonds will mature on July 1, 2034. The Series 2004C Bonds and the Series 2004D Bonds will bear interest from the Series 2004 Conversion Date through their Initial Rate Periods at their Initial Rates and thereafter will bear interest in the Weekly Rate Mode (payable on the first Business Day of each month) until the Series 2004C Bonds and the Series 2004D Bonds are respectively converted to another Rate Mode.

The Series 2006 Bonds will mature on July 1, 2036. The Series 2006 Bonds will bear interest from the Series 2006 Conversion Date through their Initial Rate Period at their Initial Rate and thereafter will bear interest in the Weekly Rate Mode (payable on the first Business Day of each month) until the Series 2006 Bonds are converted to another Rate Mode.

Unless otherwise set forth herein, the descriptions of the Reoffered Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Reoffered Bonds bear interest in the Weekly Rate Mode. The Reoffered Bonds are available in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof during their respective Initial Rate Periods and any Weekly Rate Period.

Interest on the Reoffered Bonds will be payable during their respective Initial Rate Periods and Weekly Rate Periods in immediately available funds by check or draft or, at the request of a Holder, by wire transfer to the wire transfer address within the continental United States to which such Holder has, prior to the applicable Record Date, directed the Trustee to wire such interest. The Record Date is the close of business on the Business Day immediately preceding each Interest Payment Date during the respective Initial Rate Periods and any Weekly Rate Period.

Interest Payment Dates for Reoffered Bonds

Interest on each Series of the Reoffered Bonds will be paid July 1, 2008 and on the first Business Day of each month thereafter, until the Reoffered Bonds are converted to another Rate Mode. Interest on each Series of the Reoffered Bonds will be computed during their respective Initial Rate Periods and any Weekly Rate Period on the basis of a 365-day or 366-day year, as appropriate, for the actual number of days elapsed.

Weekly Rate Periods

The Initial Rate Periods for each Series of the Reoffered Bonds begin on the respective Conversion Dates of such Series of the Reoffered Bonds and will continue to and including the Wednesday following such Conversion Dates. Beginning on the Thursday next following the Initial Rate Period for each Series of the Reoffered Bonds, the Reoffered Bonds will bear interest at Weekly Rates for successive Weekly Rate Periods until converted to another Rate Mode. Each Weekly Rate Period will begin on a Thursday and end on Wednesday of the following week or on an earlier Conversion Date to another Rate Mode.

Establishment of Weekly Rates

The Initial Rate and each Weekly Rate will be the rate of interest that, in the Remarketing Agent's judgment, having due regard for the prevailing financial market conditions for bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as the Reoffered Bonds and which are comparable to the Reoffered Bonds as to credit and maturity or tender dates, would be the lowest interest rate which would enable the Reoffered Bonds to be sold at a price of par, plus accrued interest, if any, on the first day of the Rate Period. In no event may the interest rate on any Series of the Reoffered Bond for any Rate Period exceed the Maximum Rate of 12%. Each Weekly Rate is to be determined no later than 4:00 p.m., New York City time, on the Business Day preceding the first day of each Weekly Rate Period.

If for any reason the Weekly Rate for any Weekly Rate Period is not established, no Remarketing Agent is serving under the Resolution or the Weekly Rate is held to be invalid or unenforceable, or the Remarketing Agent is not required under the Remarketing Agreement to establish a Weekly Rate, then the Weekly Rate for such Weekly Rate Period will be the SIFMA Municipal Index.

Conversion to Another Rate Mode

The Authority, subject to certain conditions set forth in the Bond Series Certificate, may convert all of a Series of the Reoffered Bonds from the Weekly Rate Mode to another Rate Mode.

If a Series of the Reoffered Bonds is to be converted from a Weekly Rate Mode to another Rate Mode, the Tender Agent will give a Conversion Notice to the Holders of such Series of Reoffered Bonds by first class mail, not less than twenty (20) days preceding the Conversion Date. Any Reoffered Bonds that are to be converted from a Weekly Rate Mode to another Rate Mode will be subject to Mandatory Tender on the Conversion Date.

If on the proposed Conversion Date, the conditions required for a change to another Rate Mode have not been met, the Reoffered Bonds that were to have been converted will continue to be subject to mandatory tender on the proposed Conversion Date, will not convert to the other Rate Mode, and will remain in the Weekly Rate Mode. The interest rate on such Reoffered Bonds during such Weekly Rate Period will be determined on the date such Reoffered Bonds were to have been converted to the other Rate Mode.

Optional Tender of Reoffered Bonds

The Holders of Reoffered Bonds may elect to tender their Reoffered Bonds (or portions thereof in Authorized Denominations) for purchase at the Purchase Price on any Business Day (an "Optional Tender Date").

To exercise the tender option, a Bondholder must deliver to the Remarketing Agent and Tender Agent at their principal offices, not later than 5:00 p.m., New York City time, on the seventh calendar day preceding the Optional Tender Date, an irrevocable written notice which states (i) the aggregate principal amount in an Authorized Denomination of each Reoffered Bond to be purchased and (ii) that each such Reoffered Bond (or portion thereof in an Authorized Denomination) is to be purchased on the Optional Tender Date.

As long as the Reoffered Bonds are registered in the name of Cede & Co., as nominee of DTC, the tender option may only be exercised by a DTC Participant (as hereinafter defined) on behalf of a Beneficial Owner (as hereinafter defined) of Reoffered Bonds by giving written notice of its election to tender at the times and in the manner described above. An election to tender a Reoffered Bond for purchase is irrevocable and binding on the Holder or DTC Participant making such election, the Beneficial Owner on whose behalf the notice was given and on any transferee thereof.

Mandatory Tender of Reoffered Bonds

The Reoffered Bonds are subject to mandatory tender and purchase at the Purchase Price on the following dates (each a “Mandatory Tender Date”):

- (i) on each Conversion Date for Reoffered Bonds that are being converted to a new Rate Mode;
- (ii) on a date that is not less than three Business Days prior to the expiration date of the Letters of Credit then in effect with respect to the Reoffered Bonds, (or if such day is not a Business Day, on the immediately preceding Business Day), unless such Letter of Credit has been extended at least 20 days prior to such expiration date;
- (iii) on the effective date of a substitute Letter of Credit delivered with respect to the Reoffered Bonds (or if such day is not a Business Day, on the immediately preceding Business Day); and
- (iv) on a date that is not more than 10 days after receipt by the Trustee of a written notice from the Bank specifying the occurrence of an Event of Default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Bonds.

Delivery of Tendered Reoffered Bonds

Reoffered Bonds or portions thereof, other than Reoffered Bonds registered in the name of DTC or its nominee, Cede & Co., for which an election to tender has been made and Reoffered Bonds subject to mandatory tender are to be delivered and surrendered to the Tender Agent at its principal corporate trust office in The City of New York on the Tender Date. If on the Tender Date there is on deposit with the Tender Agent sufficient moneys to pay the Purchase Price of the Tendered Bonds, such Bonds will be deemed tendered without physical delivery to the Trustee and the Holders or DTC Participants and Beneficial Owners of such Bonds will have no further rights thereunder other than the right to the payment of the Purchase Price. The Purchase Price for Tendered Bonds is payable solely out of the moneys derived from the remarketing of such Reoffered Bonds and the moneys made available by the Institution or pursuant to a Letter of Credit. The Authority has no obligation to pay the Purchase Price out of any other moneys.

Remarketing and Purchase of Reoffered Bonds

The Remarketing Agent is required to use its best efforts to remarket the Tendered Bonds. However, the Remarketing Agent is not required to remarket, and may immediately suspend its remarketing efforts of, any Tendered Bonds under certain circumstances, including, among others (i) if an Event of Default with respect to the Reoffered Bonds has occurred and is continuing under the Resolution, (ii) the Remarketing Agent determines that any applicable disclosure document or undertaking required in connection with the remarketing of the Reoffered Bonds is either unavailable or not satisfactory to the Remarketing Agent or (iii) the Remarketing Agent has received an Opinion of Bond Counsel that the exclusion from gross income of interest on the Reoffered Bonds for federal income tax purposes, or the exemption from registration under the Securities Act of 1933, or the exemption from qualification of the Resolution under the Trust Indenture Act of 1939 can be challenged. In addition, the Institution, with the consent of the Authority, may direct the Remarketing Agent to discontinue or suspend the remarketing of the Reoffered Bonds.

Tendered Bonds will be purchased from the Holders on the Tender Date at the Purchase Price. Interest on Tendered Bonds to be purchased after the Record Date for an Interest Payment Date will be paid to the registered owner of the Tendered Bonds on the Record Date. The Purchase Price is to be paid from the proceeds of the remarketing of Tendered Bonds or from moneys provided by the Institution.

No Reoffered Bond tendered for purchase at the option of the Holder which does not strictly conform to the description contained in the notice of tender will be purchased from its Holder.

Weekly Rate Period Table

The following Weekly Rate Period Table is provided for the convenience of the Holder. The information contained in the chart is not intended to be comprehensive. Reference is made to the above description and to the Resolution and the Bond Series Certificate for a more complete description.

Weekly Rate Period Table

Duration of Rate Period	Seven days beginning on a Thursday to and including the following Wednesday
Interest Payment Dates	The first Business Day of each month and each Conversion Date
Interest Rate Determination Dates	By 4:00 p.m. New York City time on the Business Day prior to the first day of the Weekly Rate Period
Optional Tender Date	Any Business Day
Bondholder Notice of Tender Due	No later than 5:00 p.m. New York City time on the seventh day preceding the Optional Tender Date

Redemption Provisions

The Reoffered Bonds are subject to optional redemption as described below.

Optional Redemption

The Reoffered Bonds are subject to optional redemption at the election of the Authority upon the direction of the Institution, as a whole or in part on any Business Day, at a redemption price equal to 100% of the principal amount of Reoffered Bonds or portions thereof to be redeemed, plus accrued interest, if any, to the redemption date.

Mandatory Redemption

In addition, the Reoffered Bonds are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts for each Series 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 (or if July 1 is not an Interest Payment Date, then on the immediately preceding Interest Payment Date) of each year the principal amount of Reoffered Bonds of each Series specified for each of the years shown below:

**Series 2004C Bonds Maturing
on July 1, 2033**

<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>
2017	\$1,025,000	2026	\$1,425,000
2018	1,075,000	2027	1,475,000
2019	1,100,000	2028	1,525,000
2020	1,150,000	2029	1,600,000
2021	1,200,000	2030	1,650,000
2022	1,225,000	2031	1,700,000
2023	1,275,000	2032	1,775,000
2024	1,325,000	2033	1,825,000†
2025	1,375,000		

†Final maturity.

**Series 2004D Bonds Maturing
on July 1, 2034**

<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>
2008	\$400,000	2022	\$650,000
2009	425,000	2023	700,000
2010	450,000	2024	725,000
2011	450,000	2025	750,000
2012	475,000	2026	775,000
2013	475,000	2027	800,000
2014	500,000	2028	850,000
2015	525,000	2029	875,000
2016	525,000	2030	900,000
2017	550,000	2031	950,000
2018	575,000	2032	1,000,000
2019	575,000	2033	1,025,000
2020	600,000	2034	1,075,000†
2021	625,000		

†Final maturity.

**Series 2006 Bonds Maturing
on July 1, 2036**

<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>
2008	\$275,000	2023	\$500,000
2009	275,000	2024	525,000
2010	300,000	2025	550,000
2011	300,000	2026	575,000
2012	325,000	2027	600,000
2013	325,000	2028	625,000
2014	350,000	2029	650,000
2015	375,000	2030	675,000
2016	375,000	2031	700,000
2017	400,000	2032	725,000
2018	400,000	2033	750,000
2019	425,000	2034	800,000
2020	450,000	2035	825,000
2021	475,000	2036	850,000†
2022	475,000		

†Final maturity.

Redemption of Bank Bonds

Reoffered Bonds that have been purchased from funds drawn on a Letter of Credit (“Bank Bonds”) are subject to redemption prior to maturity at the times and in the principal amounts required by the Reimbursement Agreement. The Reimbursement Agreement provides that Bank Bonds, if not remarketed on or before the 45th day after the purchase of such Bonds by the Bank (the “Term Out Date”), will be redeemed in 20 equal quarterly installments (rounded up if necessary so that the Bank Bonds will be redeemed in Authorized Denominations), beginning on the third Interest Payment Date after the Term Out Date and on each third Interest Payment Date thereafter.

Special Redemption

The Reoffered Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part 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 Project to which such Series of the Reoffered Bonds being redeemed relate.

Selection of Bonds to be Redeemed

In the case of redemptions of less than all of a Series of the Reoffered Bonds, the Authority will select the principal amount of any such Series of the Reoffered Bonds to be redeemed. If less than all of a Series of the Reoffered Bonds are to be redeemed, the maturities of such Series of Reoffered Bonds 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

The Trustee is to give notice of the redemption of the Reoffered Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 15 days nor more than 30 days prior to the redemption date, to the registered owners of any Reoffered 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. The failure of any owner of a Reoffered Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Reoffered 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 15 days nor more than 30 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 Reoffered Bonds. Redemption of the Reoffered Bonds at the option of the Authority may be conditioned on there being sufficient money available on the redemption date to pay the Redemption Price of the Reoffered Bonds and may be subject to such other conditions as the Authority may establish. The notice given for the optional redemption of Reoffered Bonds is required to state all such conditions.

If on the redemption date moneys for the redemption of the Reoffered Bonds 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 and all other conditions to redemption have been satisfied, then interest on such Reoffered Bonds will cease to accrue from and after the redemption date and such Reoffered Bonds will no longer be considered to be Outstanding.

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

Special Considerations Relating to the Remarketing of the Reoffered Bonds

The Remarketing Agent is Paid by the Institution

The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket Reoffered Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the applicable Remarketing Agreement), as further described in this Reoffering Circular. The Remarketing Agent is appointed by the Institution and is paid by the Institution for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Reoffered Bonds.

The Remarketing Agent Routinely Purchases Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase Tendered Bonds for its own account and, in its sole discretion, routinely acquires such Tendered Bonds in order to achieve a successful remarketing of the Tendered Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Tendered Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Tendered Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Reoffered Bonds by routinely purchasing and selling Reoffered Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Reoffered Bonds. The Remarketing Agent may also sell any Reoffered Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Reoffered Bonds. The purchase of Reoffered Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Reoffered Bonds in the market than is actually the case. The practices described above also may result in fewer Reoffered Bonds being tendered in a remarketing.

Reoffered Bonds May Be Offered at Different Prices on Any Date

Pursuant to each Remarketing Agreement, the Remarketing Agent is required to best efforts to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Tendered Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the first day of the applicable Rate Period. The interest rate will reflect, among other factors, the level of market demand for the Tendered Bonds (including whether the Remarketing Agent is willing to purchase Tendered Bonds for its own account). There may or may not be Reoffered Bonds tendered and remarketed on the date the rate is determined or the date the rate becomes effective, the Remarketing Agent may or may not be able to remarket any Reoffered Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Tendered Bonds at varying prices to different investors on such dates or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Reoffered Bonds at the remarketing price. In the event the Remarketing Agent owns any Reoffered Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Reoffered Bonds on any date, including the date the rate is determined or the date the rate becomes effective, at a discount to par to some investors.

The Ability to Sell the Reoffered Bonds Other Than through the Tender Process May Be Limited

The Remarketing Agent may buy and sell Reoffered Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Reoffered Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Reoffered Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Reoffered Bonds other than by tendering the Reoffered Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Reoffered Bonds, Without a Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of each Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee may assume such duties as described in each Bond Series Certificate.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, is the securities depository for the Reoffered Bonds. The Reoffered Bonds are fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Reoffered Bond certificate has been issued for each maturity of each Series of the Reoffered Bonds, each in the aggregate principal amount of such maturity, and has been deposited with DTC.

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

Purchases of Reoffered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Reoffered Bonds on DTC’s records. The ownership interest of each actual purchaser of each Reoffered Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records.

Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Reoffered Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Reoffered Bonds, except in the event that use of the book-entry system for the Reoffered Bonds is discontinued.

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

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

Redemption notices shall be sent to Cede & Co. (or such other nominee). If less than all of the Bonds within a maturity of any Series of the Reoffered 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 such other DTC nominee) will consent or vote with respect to Reoffered Bonds. 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 Reoffered 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 Reoffered 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 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 is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Reoffered Bond tendered for purchase, through its Participant, to the Tender Agent and the Remarketing Agent, and shall effect delivery of such Reoffered Bond by causing the Direct Participant to transfer the Participant's interest in the Reoffered Bond, on DTC's records, to the Tender Agent. The requirement for physical delivery of Reoffered Bonds in accordance with an optional tender for purchase will be deemed satisfied when the ownership rights in the Reoffered Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Reoffered Bonds to the Tender Agent's DTC account.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Reoffered Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Reoffered Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Reoffered 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 Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Reoffered Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect

Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Reoffered Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the Reoffered 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 service as securities depository with respect to the Reoffered Bonds at any time by giving reasonable notice to the Authority and the Trustee, 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 Reoffered 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 Reoffered Bonds may thereafter be exchanged for an equal aggregate principal amount of Reoffered Bonds in any 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.

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

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 SUCH DTC PARTICIPANTS, 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 Reoffered Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Reoffered Bonds (other than under the captions "PART 9 - TAX EXEMPTION" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Reoffered Bonds.

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the Institution during each twelve month period ending June 30 of the Bond Years shown for the payment of principal of and interest on the Reoffered Bonds, debt service on the outstanding Fixed Rate Bonds and the total debt service on all Bonds Outstanding under the Resolution, including the Reoffered Bonds.

12 Month Period Ending June 30	Reoffered Bonds				
	Principal Payments	Interest Payments ⁽¹⁾	Debt Service on the Reoffered Bonds	Debt Service on Outstanding Fixed Rate Bonds	Total Debt Service
2008	\$ 675,000	\$1,982,748	\$2,657,748	\$3,090,814	\$5,748,562
2009	700,000	1,952,241	2,652,241	3,094,164	5,746,404
2010	750,000	1,927,977	2,677,977	3,089,114	5,767,091
2011	750,000	1,906,241	2,656,241	3,089,514	5,745,755
2012	800,000	1,878,909	2,678,909	3,086,531	5,765,441
2013	800,000	1,854,105	2,654,105	3,090,781	5,744,886
2014	850,000	1,837,693	2,687,693	3,088,900	5,776,593
2015	900,000	1,800,028	2,700,028	3,086,044	5,786,072
2016	900,000	1,769,087	2,669,087	3,083,581	5,752,668
2017	1,975,000	1,741,163	3,716,163	2,087,606	5,803,769
2018	2,050,000	1,672,305	3,722,305	2,080,956	5,803,261
2019	2,100,000	1,600,859	3,700,859	2,086,456	5,787,315
2020	2,200,000	1,535,914	3,735,914	2,081,831	5,817,745
2021	2,300,000	1,449,445	3,749,445	2,083,800	5,833,245
2022	2,350,000	1,371,531	3,721,531	2,011,863	5,733,393
2023	2,475,000	1,288,511	3,763,511	969,581	4,733,092
2024	2,575,000	1,201,298	3,776,298	970,425	4,746,723
2025	2,675,000	1,118,235	3,793,235	969,000	4,762,235
2026	2,775,000	1,018,625	3,793,625	965,950	4,759,575
2027	2,875,000	921,069	3,796,069	1,381,250	5,177,319
2028	3,000,000	820,940	3,820,940	336,000	4,156,940
2029	3,125,000	716,917	3,841,917	-	3,841,917
2030	3,225,000	607,895	3,832,895	-	3,832,895
2031	3,350,000	497,565	3,847,565	-	3,847,565
2032	3,500,000	377,292	3,877,292	-	3,877,292
2033	3,600,000	255,972	3,855,972	-	3,855,972
2034	1,875,000	130,128	2,005,128	-	2,005,128
2035	825,000	61,607	886,607	-	886,607
2036	850,000	31,263	881,263	-	881,263

⁽¹⁾ The Reoffered Bonds are assumed to bear interest at their respective fixed swap rates.

PART 4 - THE INSTITUTION

The Culinary Institute of America began in 1946 as the New Haven Restaurant Institute, a storefront cooking school in downtown New Haven, Connecticut. After just one year of operation, expanded enrollment necessitated a move to a 40-room mansion adjacent to Yale University. By 1952, the school had changed its name to The Culinary Institute of America to reflect the national representation of its student body. In 1972, the Institute relocated to Hyde Park, New York. In that year, the Board of Regents of the State of New York granted the Institute a charter to confer an Associates Degree in Occupational Studies. The new campus offered a trimester, with students entering three times over the course of the year. This was altered in 1976 when the Progressive Learning Year (“PLY”) program was adopted, enabling smaller groups of 72 students to graduate and enter the industry every three weeks, 16 times a year. The Institute opened a School of Baking and Pastry in 1990. In 1995, the Institute opened

Greystone Cellars at a landmark winery in Napa Valley, California, to act as the Institute's West Coast campus. Today, the Institute offers Associates Degrees in Culinary Arts or Baking and Pastry Arts and Bachelors Degrees in Culinary Arts Management or Baking and Pastry Arts Management. In addition, the Institute offers continuing education programs at both its Hyde Park and Greystone campuses. In January 2008, the Institute established a campus in San Antonio, Texas and began offering a certificate program in culinary arts as well as Professional Continuing Education Courses. The Institute also operates four public restaurants on the Hyde Park campus and one at the Greystone campus. The Institute is governed by a 25-member Board of Trustees.

Except for the very limited description of the Institution contained under this caption, no other information relating to the Institution, its operations or its financial condition is included in this Reoffering Circular. Potential investors should base their investment decisions with respect to the Reoffered Bonds *SOLELY* on the credit of the Bank.

PART 5 - 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, 2008, the Authority had approximately \$35.2 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, 2008 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
State University of New York				
Dormitory Facilities	\$ 2,120,821,000	\$ 873,355,000	\$ 0	\$ 873,355,000
State University of New York Educational and Athletic Facilities	11,757,912,999	5,004,985,745	0	5,004,985,745
Upstate Community Colleges of the State University of New York.....	1,397,910,000	589,930,000	0	589,930,000
Senior Colleges of the City University of New York	8,609,563,549	2,982,606,270	0	2,982,606,270
Community Colleges of the City University of New York	2,194,081,563	513,213,730	0	513,213,730
BOCES and School Districts	1,731,396,208	1,291,165,000	0	1,291,165,000
Judicial Facilities.....	2,161,277,717	738,632,717	0	738,632,717
New York State Departments of Health and Education and Other.....	4,233,285,000	2,849,490,000	0	2,849,490,000
Mental Health Services Facilities	5,682,130,000	3,558,845,000	0	3,558,845,000
New York State Taxable Pension Bonds	773,475,000	0	0	0
Municipal Health Facilities Improvement Program	<u>913,895,000</u>	<u>809,250,000</u>	<u>0</u>	<u>809,250,000</u>
Totals Public Programs	<u>\$ 41,575,748,036</u>	<u>\$ 19,211,473,462</u>	<u>\$ 0</u>	<u>\$ 19,211,473,462</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.....	\$ 14,899,256,020	\$ 7,001,777,344	\$ 190,230,000	\$ 7,192,007,344
Voluntary Non-Profit Hospitals	12,693,404,309	7,817,570,000	0	7,817,570,000
Facilities for the Aged.....	1,979,275,000	1,027,235,000	0	1,027,235,000
Supplemental Higher Education Loan Financing Program.....	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs	<u>\$ 29,666,935,329</u>	<u>\$ 15,846,582,344</u>	<u>\$ 190,230,000</u>	<u>\$ 16,036,812,344</u>
Grand Totals Bonds and Notes.....	<u>\$ 71,242,683,365</u>	<u>\$ 35,058,055,806</u>	<u>\$ 190,230,000</u>	<u>\$ 35,248,285,806</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At March 31, 2008, the Agency had approximately \$401 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, 2008 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	\$ 3,605,000
Insured Mortgage Programs	6,625,079,927	389,564,927
Revenue Bonds, Secured Loan and Other Programs	<u>2,414,240,000</u>	<u>8,255,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 401,424,927</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 401,424,927</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 expires on March 31, 2010.

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 expired on March 31, 2008 and by law he continues to serve until a successor shall be chosen and qualified.

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 expired on August 31, 2007 and by law he continues to serve until a successor shall be chosen and qualified.

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 is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges served on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He has also 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.

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

Ms. Anglin was appointed Budget Director on January 1, 2008. As Budget Director, she 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. Ms. Anglin previously served as First Deputy Budget Director from January 2007 to December 2007. She was appointed Deputy Comptroller of the Division of Retirement Services in January 2003 and was responsible for overseeing the administration and managing the operations of the New York State and Local Retirement System. From 1996-2003, Ms. Anglin worked in the New York State Assembly where she served as Director of Budget Studies for the Assembly Ways and Means Committee and as First Deputy Fiscal Director for the Committee. Ms. Anglin has also held the position of Econometrician in the Department of Taxation and Finance from 1992-1996 and began her career as an Economist for the Department of Environmental Conservation. Ms. Anglin holds a Bachelor of Arts degree and a Masters degree in Economics from the State University of New York at Albany.

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:

MICHAEL T. CORRIGAN currently serves as the Acting Executive Director and chief administrative and operating officer of the Authority until such time as a new Executive Director is appointed by the Members of the Board of the Authority. In this capacity, Mr. Corrigan is responsible for the overall management of the Authority's administration and operations. He came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. In 2003, Mr. Corrigan became Deputy Executive Director and served in that capacity until becoming Acting Executive Director on May 15, 2008. 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, Mr. Corrigan served as the appointed Rensselaer County Executive for a short period. He holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

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

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

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

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

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 obtained the approval of the PACB for the original issuance of the Reoffered 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 Projects financed with proceeds from the Reoffered Bonds 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, 2007. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 6 - LEGALITY OF THE REOFFERED BONDS FOR INVESTMENT AND DEPOSIT

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

PART 7 - NEGOTIABLE INSTRUMENTS

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

PART 8 - TAX EXEMPTION

On the respective dates of original issuance and delivery of each Series of the Reoffered Bonds, Bond Counsel delivered an opinion (each an "Approving Opinion") that, under existing law and assuming compliance by the Authority and the Institution with certain covenants and the accuracy and completeness of certain representations of the Authority and the Institution, interest on the Series of Reoffered Bonds being offered that date is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations. Each Approving Opinion noted, however, that interest on

the Series of Reoffered Bonds being issued that date is taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Corporate purchasers of the Reoffered Bonds should contact their tax advisers concerning the computation of any alternative minimum tax.

The Internal Revenue Code of 1986, as amended to the dates of the Approving Opinions (the “Code”), imposed various requirements that must be met in order that interest on each Series of the Reoffered Bonds will be and remain excludable from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of each Series of the Reoffered Bonds and the rebate of certain earnings in respect of such investments to the United States. Failure to comply with the requirements of the Code may cause interest on one or more Series of the Reoffered Bonds to be includable in gross income for purposes of federal income tax retroactive to the dates of original execution and delivery of each Series of the Reoffered Bonds, regardless of the date on which the event causing such inclusion occurs. The Authority and the Corporation have covenanted in the Resolution and the Loan Agreement, and in the respective Tax Compliance Agreements delivered on the date of original issuance of each Series of the Reoffered Bonds, to comply with the requirements of the Code applicable to the Reoffered Bonds (or, in the case of each Tax Compliance Agreement, the corresponding Series of the Reoffered Bonds) and have made representations in such documents addressing various matters relating to the requirements of the Code. The Approving Opinions of Bond Counsel assume continuing compliance with such covenants as well as the accuracy of such representations made by the Authority and the Corporation.

Certain requirements and procedures contained or referred to in the Resolution, the Loan Agreement, the Tax Compliance Agreements and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. Each of the Approving Opinions of Hiscock & Barclay, LLP states that such firm, as Bond Counsel, expresses no opinion as to the corresponding Series of Reoffered Bonds or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Hiscock & Barclay, LLP.

Prospective purchasers of the Reoffered Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Reoffered Bonds may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Reoffered Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. Although information reporting does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes payment of interest on tax-exempt obligations made after March 31, 2007 to be subject to backup withholding. Interest on the Reoffered Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the Internal Revenue Service, or (ii) has been identified by the Internal Revenue Service as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the Internal Revenue Service as federal income tax withheld on behalf of the registered owner of the Reoffered Bonds and would be allowed as a refund or credit against such owner’s federal income tax liability (or the federal income tax liability of the beneficial owner of the Reoffered Bonds, if other than the registered owner).

In each Approving Opinion, Bond Counsel also delivered its opinion that interest on the Series of the Reoffered Bonds being issued that date is exempt, under existing statutes, from personal income taxes of the State of New York and its political subdivisions, as applicable. The Approving Opinions have not been updated or reissued in connection with the remarketing of the Reoffered Bonds. However, in connection with the conversion and remarketing of each Series of the Reoffered Bonds, Bond Counsel will deliver an opinion that the conversion of the interest rate on such series of Reoffering Bonds to a Weekly Rate, and the changes to certain other terms of the Reoffered Bonds that will occur simultaneously with such conversion, will not adversely affect the exclusion of interest on such Reoffered Bonds from gross income for federal or state income tax purposes. See “Appendix D - Approving Opinions of Bond Counsel.”

Bond Counsel's respective original engagements with respect to Series of the Reoffered Bonds ended with the delivery of its Approving Opinion, and Bond Counsel's engagement with respect to the reoffering of the Reoffered Bonds ends with such reoffering, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Bondholders regarding the tax-exempt status of the Reoffered Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of any Series of the Reoffered Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Reoffered Bonds, and may cause Authority, the Institution or the Bondholders to incur significant expense.

PART 9 - STATE NOT LIABLE ON THE REOFFERED BONDS

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

PART 10 - 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 11 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Reoffered Bonds by the Authority were subject to the approval of Hiscock & Barclay LLP, Albany, New York, Bond Counsel, which delivered approving opinions in connection with the initial issuance of the Series 2004C Bonds, the Series 2004D Bonds and the Series 2006 Bonds on February 11, 2004, July 22, 2004 and August 31, 2006, respectively. As a condition to the conversion of each Series of the Reoffered Bonds, Hiscock & Barclay LLP will deliver its opinion to the effect that the conversion will not cause interest on the Reoffered Bonds to be included in gross income of the owners of such Bonds for purposes of federal income taxation. Copies of the approving opinions delivered by Bond Counsel in connection with the issuance of the Reoffered Bonds and the proposed forms of the opinions to be delivered on the Series 2004 Conversion Date and on the Series 2006 Conversion Date are set forth in Appendix D hereto.

There is not now pending any litigation restraining or enjoining the conversion or reoffering of the Reoffered Bonds or questioning or affecting the validity of the Reoffered Bonds or the proceedings and authority under which they were issued or are to be converted or reoffered.

PART 12 - CONTINUING DISCLOSURE

In connection with the original issuance of each Series of the Reoffered Bonds, in order to assist the underwriter for each Series of Reoffered Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the Institution undertook in a written agreement for the benefit of the Bondholders to provide to Digital Assurance Certification LLC ("DAC"), on behalf of the Authority as the Authority's disclosure dissemination agent, on or before 120 days after the end of each of its fiscal years for filing by DAC with each

Nationally Recognized Municipal Securities Information Repository (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 was included in “PART 4 — THE INSTITUTION” of the official statements published in connection with the original issuance of each Series of the Reoffered Bonds (the “Annual Information”), together with the Institution’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 auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to each Repository and to the State Information Depository when they become available.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the Institution, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the Institution and the Authority, to file such information and financial statements, as promptly as practicable, but no later than three business days after receipt of the information by DAC from the Institution, with each such Repository and to the State Information Depository. In addition, the Authority undertook, for the benefit of the Bondholders, to provide to DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 described below (the “Notices”). Upon receipt of Notices from the Authority, DAC will file the Notices to each such Repository or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the State Information Depository, in a timely manner. With respect to the Reoffered Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the Institution has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the Institution or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Institution, the Holders of the Reoffered Bonds or any other party. DAC has no responsibility for the Authority’s failure to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the University or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the Institution and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information consists of the following: (a) operating data and financial information of the type included in the official statements published in connection with the original issuance of each Series of the Reoffered Bonds in PART 4 - THE INSTITUTION under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions*, similar to that set forth under the heading, “ADMISSIONS STATISTICS,” (2) *student enrollment*, similar to that set forth under the heading, “ENROLLMENT SUMMARY,” (3) *tuition and other student charges*, similar to that set forth under the heading, “STUDENT CHARGES FOR DEGREE PROGRAMS,” (4) *financial aid*, similar to that set forth under the heading, “SOURCES OF SCHOLARSHIP AND GRANT AID,” (5) *faculty*, similar to that set forth under the heading, “FACULTY PROFILE,” (6) *employee relations*, including material information about union contracts and, unless such information is included in the audited financial statements of the Institution, retirement plans; (7) *endowment and similar funds*, unless such information is included in the audited financial statements of the Institution; (8) *plant values*, unless such information is included in the audited financial statements of the Institution; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited financial statements of the Institution; together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Institution and in judging the financial and operating condition of the Institution.

The Notices include notices of any of the following events with respect to the Reoffered 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 Reoffered Bonds; (7) modifications to the rights of holders of the

Reoffered Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Reoffered Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Reoffered Bonds, to provide to each Repository or the MSRB and to the State Information Depository, in a timely manner, notice of any failure by the Institution to provide the Annual Information and annual financial statements by the date required in the Institution's undertaking described above.

The sole and exclusive remedy for breach or default under the agreement to provide continuing disclosure described above is an action to compel specific performance of the undertaking of DAC, the Institution and/or the Authority, and no person, including any Holder of the Reoffered Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the agreement shall not constitute an Event of Default under the Resolution, the Series Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the agreement do not anticipate that it often will be necessary to amend the informational undertaking. The agreement, however, may be amended or modified without Bondholders consent under certain circumstances set forth therein. Copies of the agreement are on file at the principal office of the Authority.

PART 13 - REMARKETING

RBC Capital Markets as Remarketing Agent has agreed, pursuant to the terms and conditions of a Firm Remarketing Agreement dated May 27, 2008, to purchase the Series 2004C Bonds and the Series 2004D Bonds from the Authority at an aggregate purchase price of par and to make a public offering of the Series 2004C Bonds and the Series 2004D Bonds. RBC Capital Markets as Remarketing Agent has agreed, pursuant to the terms and conditions of a Firm Remarketing Agreement dated May 29, 2008, to purchase the Series 2006 Bonds from the Authority at an aggregate purchase price of par and to make a public offering of the Series 2006 Bonds. The Remarketing Agent will be obligated to purchase all such Reoffered Bonds tendered on their respective Conversion Dates. In connection with its services related to this Reoffering Circular, the conversion of the Series 2004C Bonds, the Series 2004D Bonds and the Series 2006 Bonds from the Auction Rate Mode to the Weekly Rate Mode and delivering the Letters of Credit, the Remarketing Agent will be paid \$56,825.00.

The Remarketing Agent has agreed, pursuant to the terms and conditions of a Remarketing Agreement dated May 27, 2008, to use its best efforts to remarket the Series 2004C Bonds that are optionally or mandatorily tendered by the owners thereof. The Remarketing Agent has agreed, pursuant to the terms and conditions of a Remarketing Agreement dated May 27, 2008, to use its best efforts to remarket the Series 2004D Bonds that are optionally or mandatorily tendered by the owners thereof. The Remarketing Agent has agreed, pursuant to the terms and conditions of a Remarketing Agreement dated May 29, 2008, to use its best efforts to remarket the Series 2006 Bonds that are optionally or mandatorily tendered by the owners thereof.

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

PART 14 — RATINGS

Moody's is expected to assign a long-term rating of "Aa2" and a short-term credit rating of "VMIG1" to the Reoffered Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency at the following address: Moody's, 99 Church Street, New York, New York 10007. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Reoffered Bonds.

PART 15 - MISCELLANEOUS

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

The agreements of the Authority with Holders of the Reoffered Bonds are fully set forth in the Resolution. Neither any advertisement of the Reoffered Bonds nor this Reoffering Circular is to be construed as a contract with purchasers of the Reoffered 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 Institution and Principal and Interest Requirements was supplied by the Institution. 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 the Bank contained in Appendix F, the Letters of Credit and the Reimbursement Agreement have been furnished by the Bank. No representation is made herein by the Authority, the Institution or the Remarketing Agent as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. None of the Authority, the Institution, or the Remarketing Agent has made any independent investigation of the Bank or the Letters of Credit.

The information regarding the Insurer, the Policies and the specimen Financial Guaranty Insurance Policy contained in Appendix E has been furnished by the Insurer. No representation is made herein by the Authority, the Institution, Bank, or the Remarketing Agent as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. None of the Authority, the Institution, the Bank or the Remarketing Agent has made any independent investigation of the Insurer or the Policies.

“Appendix A - Definitions,” “Appendix B - Summary of Certain Provisions of the Loan Agreement,” “Appendix C - Summary of Certain Provisions of the Amended and Restated Resolution” and “Appendix D - Approving Opinions of Bond Counsel” have been prepared by Hiscock & Barclay LLP, New York, New York, Bond Counsel.

The Institution has reviewed the parts of this Reoffering Circular describing the Institution and Principal and Interest Requirements. It is a condition to the delivery of the Reoffered Bonds that the Institution certify to the Remarketing Agent and the Authority that, as of the date of this Reoffering Circular and the date of delivery of the Reoffered Bonds, such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. Except for the very limited description of the Institution contained herein, no other information relating to the Institution, its operations or its financial condition is included in this Reoffering Circular.

The Institution has agreed to indemnify the Authority 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/ Michael T. Corrigan
Authorized Officer

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DEFINITIONS

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CERTAIN DEFINITIONS

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

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

Act means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including, without limitation, by the Healthcare Financing Construction Act, being Title 4-13 of the Public Authorities Law of the State of New York, as amended.

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

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

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

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

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

Authorized Officer means (i) in the case of the Authority, the Chair, the Executive Director, the General Counsel and Assistant Secretary, the Chief Financial Officer and Treasurer, the Chief Information Officer, the Managing Director of Public Finance, the Managing Director of Policy and Program Development, the Deputy General Counsel and Assistant Secretary, an Associate General Counsel and Assistant Secretary, the Deputy Chief Financial Officer and Assistant Treasurer, the Assistant Director, Asset Management and Assistant Treasurer, and when used with reference to any act

or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the Institution, the person or persons authorized to perform any act or sign any document by or pursuant to a resolution of the Institution's Board of Trustees or its Executive Committee or the by-laws of the Institution; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

Available Moneys means with respect to any series unless otherwise defined in the Bond Series Certificate for such Series:

(i) proceeds of any Series of Bonds, including, without limitation, Refunding Bonds, or proceeds of other bonds, notes or obligations, issued to refund Bonds expressly available to pay the principal or Redemption Price of or interest on Bonds of such Series, provided that, as to such proceeds, an opinion of counsel experienced in bankruptcy matters is delivered to the Trustee and each Rating Service then rating such Series to the effect that the payment of such proceeds to the holders of the Bonds of such Series would not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the holders of the Bonds under 11 U.S.C. § 550(a) if the Authority or the Institution were the debtor in a case under the Bankruptcy Code;

(ii) money derived from drawings under any Credit Facility or Liquidity Facility relating to such Series and the investment earnings thereon that are not commingled with any other moneys,

(iii) with respect to Option Bonds, moneys derived from the remarketing of Bonds of such Series that are directly paid to or held by the Tender Agent for the payment of the Purchase Price of such Bonds in accordance with the applicable Series Resolution or Bond Series Certificate,

(iv) money held by the Trustee (other than in the Arbitrage Rebate Fund or the Credit Facility Provider Repayment Fund) and subject to a first-priority perfected lien under the Resolution for a period of at least 123 days (or, in the case of any money provided by a person that is an "insider" of the Institution under 11 U.S.C. §101(31), one year) days and not commingled with any moneys so held for less than said period and during which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against, the Authority or the Institution unless such petition or proceeding was dismissed and all applicable appeal periods have expired without an appeal having been filed, and the investment earnings thereon, that are not commingled with any other moneys, or

(v) any money as to which an opinion of counsel experienced in bankruptcy matters is delivered to the Trustee and each Rating Service then rating the Bonds to the effect that the payment of such moneys to the holders of the Bonds as debt service or as the Purchase Price would not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the holders of the Bonds under 11 U.S.C. § 550(a) if the Authority or the Institution were the debtor in a case under the Bankruptcy Code.

Bankruptcy Code means Title 11 of the United States Code.

Balloon Indebtedness means Long-Term Indebtedness of which more than 25% or more of the original principal amount thereof matures, or is required to be purchased by the Institution (either automatically or at the option of the holder of such Balloon Indebtedness) or otherwise come due in any one year).

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

Bond Counsel means Hiscock & Barclay, LLP or an attorney or other law firm appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

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

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, Holder of Bonds or Holder or any similar term, when used with reference to a Bond or Bonds, except as provided in the Resolution, 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 banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; provided, however, 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 Liquidity Facility Provider for such Bonds are legally authorized to close in The City of New York.

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

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

Collateral Requirement shall have the meaning given to such term in provisions of the Loan Agreement summarized under the heading "Maintenance of Expendable Net Assets" in Appendix C to this Official Statement.

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

Continuing Disclosure Agreement means an agreement, entered into in connection with the issuance of one or more Series of Bonds, by and among the Authority, the Institution and the Trustee, or such other parties thereto designated at such times, providing for continuing disclosure.

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

Conversion Date means the Series 2004 Conversion Date and the Series 2006 Conversion Date, collectively.

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, 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 Reserve Fund Facility, Liquidity Facility, an Interest Rate Exchange Agreement or Remarketing Agent, costs and expenses of refunding Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Cost or Costs of the Project means costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with a 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 a 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 a Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of a Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of a Project, (vii) any sums required to reimburse the Institution 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 a Project (including interest on moneys borrowed from parties other than the Institution), (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 a Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant to the Resolution or to the Loan Agreement, a Mortgage, a Liquidity Facility or a Remarketing Agreement.

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

Credit Facility means:

- (i) an irrevocable direct-pay letter of credit issued and delivered to the Trustee, by one or more of a bank, 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, or 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,
- (ii) any other instrument providing credit enhancement issued and delivered to the Trustee with respect to a Series of Bonds on the date of issuance of the Series of Bonds (including any extension thereof) other than a financial guaranty insurance policy, and
- (iii) upon the issuance of a Substitute Credit Facility, such Substitute Credit Facility.

Credit Facility Account means each such account authorized to be created pursuant to the Resolution in the Debt Service Fund with respect to a Series of Bonds.

Credit Facility Provider means, so long as the Credit Facility issued by a Credit Facility Provider has not expired or been terminated, the issuer of a Credit Facility with respect to a Series of Bonds and, following the issuance of a Substitute Credit Facility, the issuer of a Substitute Credit Facility.

Credit Facility Provider Default means any one of the following events:

(i) the institution of insolvency proceedings by or against the Credit Facility Provider under any bankruptcy act or any similar law which may be hereafter enacted (an “Insolvency”), unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal; provided, that if any such petition is filed against the Credit Facility Provider, the Credit Facility Provider shall have 90 days to obtain such dismissal and further provided that so long as there exists an amount due and owing under the Reimbursement Agreement and the Credit Facility Provider has honored all properly presented and conforming drawings, no Credit Facility Provider Default shall exist; or

(ii) any uncured failure by the Credit Facility Provider to honor any drawing timely presented under the Credit Facility and made in strict compliance with the terms of the Credit Facility, where (A) there is no Insolvency and (B) such failure does not result from a restraint imposed upon the Credit Facility Provider by a court order or any similar restriction; or

(iii) any repudiation by the Credit Facility Provider of its obligation to honor any drawing timely presented, which drawing is in compliance with the terms of the Credit Facility.

Credit Facility Provider Repayment Fund means the fund so designated, created and established pursuant to the Resolution.

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

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

Debt Service Reserve Fund Requirement means, as of any particular date of computation, an amount equal to the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year, excluding interest accrued thereon prior to July 1 of the next preceding year, except that if, upon the issuance of a Series of Bonds, such amount would require moneys, in an amount in excess of the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, to be deposited therein, the Debt Service Reserve Fund Requirement shall mean an amount equal to the sum of the Debt Service Reserve Fund Requirement immediately preceding issuance of such Bonds and the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, as certified by an Authorized Officer of the Authority; **provided, however**, that for purposes of this definition (a) the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of interest and principal payable on July 1 of the year in which such Capital Appreciation Bond or Deferred Income Bond matures or in which such Sinking Fund Installment is due, (b) it shall be assumed that a Variable Interest Rate Bond, prior to its conversion to bear interest at a fixed rate, bears interest during any year at the higher of (1) the lesser of (x) a fixed rate of interest equal to that rate, as estimated by an Authorized Officer of the Authority, after consultation with the Remarketing Agent, if any, or with an investment banking firm which is regularly engaged in the underwriting of or dealing in bonds of substantially similar character, on a day not more than twenty (20) days prior to the date of initial issuance of such Variable Interest Rate Bond, which such Variable Interest Rate Bond would have had to bear to be marketed at par on such date as a fixed rate obligation maturing on the maturity date of such Variable Interest Rate Bond and (y) if the Authority or the Institution has in connection with such Variable Interest Rate Bond entered into an Interest Rate Exchange Agreement which provides that the Authority or the Institution is to pay to another person an amount determined based upon a fixed rate of interest on the Outstanding principal amount of the Variable Interest Rate Bonds to which such agreement relates, the fixed rate of interest set forth in or determined in accordance with such agreement, and (2) a rate, not less than the initial rate of interest on such Variable Interest Rate Bond, set forth in or determined pursuant to a formula set forth in the Resolution, and (c) if a Variable Interest Rate Bond shall be converted to a fixed

rate bond for the remainder of the term thereof and as a result of such conversion a deficiency shall be created in the Debt Service Reserve Fund, the Debt Service Reserve Fund Requirement shall be calculated so as to exclude the amount of such deficiency and the Debt Service Reserve Fund Requirement shall be increased in each of the five (5) years after the date of such conversion by an amount which shall be equal to twenty per centum (20%) of the aforesaid deficiency.

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 Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on July 1 and January 1 of each Bond Year.

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

Event of Default, when used in connection with the Resolution, means each event described in Section 12.02 of the Resolution summarized in Appendix D under the heading “**Events of Default**” and, when used in connection with the Loan Agreement, means each event described in Section 31(a) of the Loan Agreement summarized in Appendix C under the heading “**Defaults and Remedies.**”

Exempt Obligation means any of the following:

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

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

(iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Expendable Net Assets means, as of any particular date of calculation, the sum of all Unrestricted and Temporarily Restricted Net Assets (other than Plant Equity) that may be used to pay debt service on Long-Term Indebtedness.

Expendable Net Assets Requirement shall have the meaning given to such term in the provisions of the Loan Agreement summarized under the heading “**Maintenance of Expendable Net Assets**” in Exhibit B of Appendix C to this Official Statement.

Facility Provider means any Credit Facility Provider, Reserve Fund Facility Provider or Liquidity Facility Provider.

Federal Agency Obligation means any of the following:

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

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

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

(iv) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Fiscal Year means a twelve month period beginning on June 1st of a calendar year and ending on May 31st of the next succeeding calendar year, or such other twelve month period as the Institution may elect as its fiscal year.

Fixed Rate Bonds means the Series 2004A Bonds and the Series 2004B Bonds, collectively.

Government Obligation means any of the following:

- (i) a direct obligation of the United States of America;
- (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment of principal and interest by the United States of America;
- (iii) an obligation to which the full faith and credit of the United States of America are pledged;
- (iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and
- (v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Indebtedness means, without duplication, indebtedness for borrowed money incurred or guaranteed by the Institution, whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, including indebtedness under purchase money mortgages, capital leases, installment sales agreements and similar security arrangements which appear as debt on the audited statements of financial position of the Institution in accordance with generally accepted accounting principles then applicable to the Institution, but excluding Non-recourse Indebtedness.

Institution means The Culinary Institute of America, an independent not-for-profit higher education institution for culinary arts and sciences located in the State, or any successor thereto.

Insurer means any person, including but not limited to a firm, association or corporation, including public bodies and governmental agencies, which at the time of initial issuance of a Bond, issued at the request of the Authority or the Institution, a financial guaranty insurance policy pursuant to which such person is obligated to pay the Holder of such Bond the principal or Sinking Fund Installment of and interest on such Bond not otherwise paid by the Authority in accordance with the terms of such Bond and of the Resolution.

Insurer Default means the occurrence of any one or more of the following events:

- (i) the Insurer has failed, wholly or partially, to make a payment of principal or interest as required under the financial guaranty insurance policy and such failure has not been cured;
- (ii) the occurrence of any of the following events:
 - (A) the issuance of an order of rehabilitation, liquidation, supervision or dissolution of the Insurer;
 - (B) the commencement by the Insurer of a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency, insurance or other similar law;
 - (C) the commencement against the Insurer of an involuntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency, insurance or other similar law, if such case or proceeding continues undismissed or unstayed and in effect for a period of 60 days or if the Insurer consents to any such relief against it;

(D) a receiver, supervisor or similar official is appointed in any involuntary case against the Insurer under any bankruptcy, insolvency, insurance or other similar law now or hereafter in effect; or

(E) the failure of the Insurer to generally pay its indebtedness as they become due;

(iii) the Insurer claims in writing that the financial guaranty insurance policy is not valid and binding on the Insurer, repudiates the obligations of the Insurer under the financial guaranty insurance policy, or initiates any legal proceedings to seek an adjudication that the financial guaranty insurance policy is not valid and binding on the Insurer; or

(iv) any governmental authority with jurisdiction to rule on the validity of the financial guaranty insurance policy determines that financial guaranty insurance policy is not valid and binding on the Insurer.

Intercreditor Agreement means the intercreditor agreement among the Insurer, the Credit Facility Provider, the Trustee and the Authority, together with their successors and assigns, in connection with the rights and remedies of such parties in respect of the Mortgage, the Mortgaged Property and any additional mortgage on the Mortgaged Property held by the Credit Facility Provider, as from time to time amended or supplemented.

Interest Commencement Date means, with respect many 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 semiannually thereafter on July 1 and January 1 of each Bond Year.

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 savings bank, 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 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 moneys are to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds. A Liquidity Facility may also be a Credit Facility.

Loan Agreement means the Loan Agreement, dated as of December 3, 2003, as amended, by and between the Authority and the Institution in connection with the issuance of Bonds, as the same shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement.

Long-Term Indebtedness means Indebtedness having an original maturity of greater than one (1) year or Indebtedness on which the Institution has an option to extend the maturity thereof for a period of greater than one (1) year beyond the date of the original incurrence thereof.

Maximum Annual Debt Service means on any date, when used with respect to the Bonds, the greatest amount required in the then current or future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year assuming that a Variable Interest Rate Bond bears interest at a fixed rate of interest equal to that rate which, in the

reasonable determination of an Authorized Officer if the Authority, such Variable Interest Rate Bond would have had to bear as a fixed rate bond to be marketed at par on the date of its initial issuance.

Maximum Annual Debt Service as such term is defined under the heading “Maintenance of Expendable Net Assets” in Appendix C to this Official Statement means the highest amount of principal and interest payable with respect to the Institution’s Long-Term Indebtedness during the then current or any succeeding Bond Year over the remaining term of all Bonds, assuming that any variable interest rate Indebtedness bears interest at a fixed rate of interest equal to that rate which, in the reasonable determination of an Authorized Officer of the Authority, such variable rate Indebtedness would have had to bear as fixed rate Indebtedness, to be marketed at par on the date of its initial issuance.

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

Mortgage means a mortgage granted by the Institution to the Authority, in form and substance satisfactory to an Authorized Officer of the Authority, on the Mortgaged Property mortgaged in connection therewith as security for the performance of the Institution’s obligations under the Loan Agreement, as such Mortgage may be amended or modified from time to time with the consent of the Authority.

Mortgaged Property means the land or interest therein described in each Mortgage, together with the buildings and improvements thereon or hereafter erected thereon and the furnishings and equipment owned by the Institution located thereon or therein as may be specifically identified in a Mortgage.

Non-recourse Indebtedness means Indebtedness secured by a mortgage or other lien on property on which the creditor has agreed that it will not seek to enforce or collect such Indebtedness out of any property or assets of the Institution other than the property securing the same or to collect any deficiency upon a foreclosure, forced sale or other realization upon such property out of any other property or assets of the Institution.

Option Bond means any Bond which by its terms may be or is required to be tendered by 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.

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

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, or 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.

Permitted Collateral means any of the following:

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

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

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

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

Permitted Encumbrances means when used in connection with a Project any of the following:

(i) The lien of taxes and assessments which are not delinquent;

(ii) The lien of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless thereby the property or the interest of the Authority therein may be in danger of being lost or forfeited;

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

(iv) Easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, sweet, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

(v) Any instrument recorded pursuant to Section 22 of the Loan Agreement summarized in Appendix C under the heading “**Restrictions on Religious Use**”;

(vi) Any Mortgage; and

(vii) Such other encumbrances, defects, and irregularities to which the consent of the Insurer and the prior written consent of the Authority have been obtained.

Permitted Investments means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(ii) Exempt Obligations;

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

(v) Collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one nationally recognized statistical rating service in at least the second highest rating category, and (b) are fully collateralized by Permitted Collateral; and

- (vi) Investment Agreements that are fully collateralized by Permitted Collateral.

Pledged Revenues means an amount equal to the Maximum Annual Debt Service from (i) tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof, and (ii) any other moneys, income, rents or revenues of the Institution, the right to receive the same and the proceeds thereof pledged to the Authority in connection with the issuance of a Series of Bonds, which other moneys, income, rents or revenues or the right to receive the same may be subject to pledges thereof made prior to the issuance of the Series of Bonds in connection with which such moneys, income, rents or revenues, the right to receive the same and the proceeds thereof are pledged to the Authority.

Prior Pledges means the liens, pledges, charges, encumbrances and security interests made and given pursuant to (i) an agreement and lease dated as of April 17, 1973 relating to the Dormitory Authority of the State of New York Revenue Bonds, The Culinary Institute of America Issue, Series A, (ii) a loan agreement dated as of October 1, 1993 by and between the California Educational Facilities Authority and the Institution relating to the California Educational Facilities Authority Insured Revenue Bonds (The Culinary Institute of America), Series 1993, (iii) a loan agreement dated as of October 29, 1997 by and between the Authority and the Institution relating to The Dormitory Authority of the State of New York The Culinary Institute of America Insured Revenue Bonds, Series 1997, and (iv) a loan agreement dated as of January 27, 1999 by and between the Authority and the Institution relating to The Dormitory Authority of the State of New York The Culinary Institute of America Insured Revenue Bonds, Series 1999.

Project means each of the buildings and improvements, and the land appurtenant thereto, more particularly described in Schedule C of the Loan Agreement, acquired, constructed, reconstructed or otherwise renovated or improved with the proceeds of any Bonds; **provided, however**, such term does not include any of the foregoing if and to the extent that all Bonds issued in connection therewith are no longer Outstanding.

Provider Payments means the amount, certified by a Reserve Fund Facility Provider to the Trustee, payable to such Reserve Fund Facility Provider on account of amounts advanced by it under a Reserve Fund Facility, including interest on amounts advanced and fees and charges with respect thereto.

Purchase Price means with respect to Option Bonds of any Series, "Purchase Price" as defined in the Series Resolution or Bond Series Certificate relating to such Option Bonds.

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

Record Date means, unless the Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating thereto provides otherwise with respect to Bonds of such Series, 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.

Refunding Debt means Indebtedness issued or incurred to pay or provide for the payment of other Indebtedness.

Reimbursement Agreement means an agreement by and between the Institution and a Credit Facility Provider pursuant to which:

- (i) the Credit Facility Provider agrees to issue a Credit Facility for the account of the Institution and for the benefit of the Trustee with respect to a particular Series of Bonds and
- (ii) the Institution agrees to reimburse the Credit Facility Provider, or cause the Credit Facility Provider to be reimbursed, for any draw on the Credit Facility.

Related Agreements means each Remarketing Agreement, Interest Rate Exchange Agreement, the Auction Agreement and agreements entered into in connection with a Reserve Fund Facility or Liquidity Facility, to which the Institution is a party.

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

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

Reporting Date means (i) when used in connection with a Testing Date that is not the last day of the Institution's Fiscal Year, the first business day that is 30 days after such Testing Date and (ii) when used in connection with any other Testing Date, the first business day that is 120 days after such Testing Date.

Reserve Fund Facility means a surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Resolution.

Reserve Fund Facility Provider means the issuer or provider or any Reserve Fund Facility.

Resolution means the Authority's The Culinary Institute of America Insured Revenue Bond Resolution, adopted December 3, 2003, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

Revenues means all payments received or receivable by the Authority which pursuant to the Loan Agreement are required 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), and all amounts received as a consequence of the enforcement of the Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon the Pledged Revenues.

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

Series 2004A Bonds means the Authority's \$9,760,000 The Culinary Institute of America Insured Revenue Bonds, Series 2004A.

Series 2004A Resolution means The Culinary Institute of America Series 2004A Resolution Authorizing Up To \$45,000,000 Insured Revenue Bonds, Series 2004A.

Series 2004B Bonds means the Authority's \$9,720,000 The Culinary Institute of America Insured Revenue Bonds, Series 2004A.

Series 2004B Resolution means The Culinary Institute of America Series 2004B Resolution Authorizing Up To \$45,000,000 Insured Revenue Bonds, Series 2004B.

Series 2004C Bonds means the Authority's \$23,725,000 The Culinary Institute of America Insured Revenue Bonds, Series 2004A.

Series 2004C Resolution means The Culinary Institute of America Series 2004C Resolution Authorizing Up To \$45,000,000 Insured Revenue Bonds, Series 2004C.

Series 2004D Bonds means the Authority's \$19,000,000 The Culinary Institute of America Insured Revenue Bonds, Series 2004D.

Series 2004D Resolution means The Culinary Institute of America Series 2004D Resolution Authorizing Up To \$19,000,000 Insured Revenue Bonds, Series 2004d.

Series 2006 Bonds means the Authority's \$15,125,000 The Culinary Institute of America Insured Revenue Bonds, Series 2006.

Series 2006 Resolution means The Culinary Institute of America Series 2006 Resolution Authorizing Up To \$16,000,000 Insured Revenue Bonds, Series 2006.

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

State means the State of New York.

Sub-Series means the grouping of the Bonds of a Series established by the Authority pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series or the Bond Series Certificate related to such Series of Bonds.

Substitute Credit Facility means an irrevocable direct-pay letter of credit issued and delivered to the Trustee in accordance with the Resolution upon the expiration or earlier termination of a Credit Facility, by one or more of a bank, 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, or 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, or an insurance policy or any other instrument of credit enhancement issued and delivered to the Trustee in accordance with the Resolution upon the expiration or earlier termination of a Credit Facility to replace the Credit Facility.

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

Tax Certificate means each certificate of the Authority, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of Bonds in which the Authority makes representations and agreements as to arbitrage and compliance with the provisions of Sections 141 through 150 inclusive, of the Internal Revenue Code of 1986, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

Temporarily Restricted Net Assets mean net assets subject to donor-imposed stipulations that will be met either by actions of the Institution and/or the passage of time.

Tender Agent means the Trustee, or if the Trustee is not providing services as a tender agent as described in the Resolution, any other person providing such services.

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

Testing Date means each of the last day of the second quarter of the Institution's Fiscal Year and the last day of its Fiscal Year.

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.

Unrestricted Gross Revenues means, with respect to each Fiscal Year of the Institution, the sum of all unrestricted revenues, gains and other support from all operating and non-operating activities, as reported on the Institution's audited financial statements for such Fiscal Year prepared in accordance with generally accepted accounting principles then applicable to the Institution.

Unrestricted Net Assets means net assets that are not subject to donor-imposed stipulations.

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

Variable Rate Indebtedness means Indebtedness which does not bear interest at a stated fixed rate to its maturity date.

Weekly Rate Period means a period commencing on a Conversion Date or the Thursday of a calendar week and extending to and including the next succeeding Wednesday.

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of the Project

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

(Section 5)

Amendment of Projects

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

(Section 6)

Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or the Loan Agreement, including moneys in the Debt Service Fund, and interest accrued but unpaid on investments held in the Debt Service Fund, but excluding moneys in the Debt Service Reserve Fund, the Institution unconditionally agrees to pay or cause to be paid, 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:

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

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

(iii) 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 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;

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on Outstanding Bonds that are not Variable Interest Rate Bonds becomes due, one-sixth (1/6) of the interest coming due on such Bonds on the immediately succeeding interest payment date on such Bonds; provided, however, that, if with respect to such Outstanding Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

(v) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July immediately preceding the July 1 on which the principal or a Sinking Fund Installment of Outstanding Bonds becomes due, one-twelfth (1/12) of the principal and Sinking Fund Installment on such Bonds coming due on such July 1; provided, however, that, if with respect to the Outstanding Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due on such Bonds, on each payment date prior to such July 1 the Institution shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments of such Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1; provided, however, with respect to Sinking Fund Installments of Option Bonds or Variable Interest Rate Bonds that come due in months other than July, the terms of this subsection shall apply except that references to July shall be replaced with the applicable month(s) in which the related Sinking Fund Installment comes due;

(vi) Except as provided below, by 1:30 p.m., New York City time, on the day on which payment of the purchase price of an Option Bond tendered for purchase which has not been remarketed or remarketed at less than the principal amount thereof and for which there is no Liquidity Facility then in effect, is due, the purchase price of such Option Bond, which shall be paid in immediately available funds; provided, however, that (A) if the Institution has received notice that such payment is due after 10:00 a.m., New York City time, but prior to 3:00 p.m., New York City time, on such day, then payment by the Institution shall be made by 5:00 p.m., New York City time on such day, and (B) if such notice is given after 3:00 p.m., New York City time, on such day, then payment by the Institution shall be made by 10:00 a.m. on the next succeeding Business Day;

(vii) At least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than an Option Bond to be purchased or redeemed pursuant to an optional or mandatory tender thereof, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(viii) 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; provided, however, that the Annual Administrative Fee with respect to a 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);

(ix) 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 (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to the provisions of the Loan Agreement summarized in paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to provisions of the Loan Agreement summarized under the headings “**Covenant as to Insurance**” and “**Taxes and Assessments**” below and other provisions of the Loan Agreement related to indemnity by the Institution, (C) to reimburse the Authority for any external costs or expenses incurred by

it attributable to the issuance of a Series of Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement or a Liquidity Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of any Mortgage or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, (F) to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, and (G) to pay any Provider Payments then due and unpaid;

(x) Promptly upon demand by the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the provisions of the Loan Agreement summarized under the heading “**Defaults and Remedies**” below;

(xi) Promptly upon demand by 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; and

(xii) Promptly upon demand by 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 Loan Agreement and of the Resolution, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to the provisions of the Loan Agreement summarized in paragraph (a)(v) 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 any Sinking Fund Installments during the next succeeding Bond Year, either (i) the Institution 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 Series and maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority pursuant to the Loan Agreement directs the Institution, and the Institution agrees, to make the payments required by the provisions of the Loan Agreement summarized in this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(v), (a)(vii), (a)(ix)(F) and (a)(x) directly to the Trustee for deposit and application in accordance with the Resolution; (ii) the payments required by paragraph (a)(ii) directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Authority; (iii) the payments required by paragraphs (a)(i), (a)(vii) and (a)(ix) (other than pursuant to clause (F) thereof) directly to the Authority; and (iv) except as otherwise provided by the Loan Agreement, the payments required by paragraphs (a)(vi), (a)(xi) and (a)(xii) to or upon the written order of the Authority.

(b) Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in this paragraph), all moneys paid by the Institution to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the Institution’s indebtedness to the Authority under the Loan Agreement, first, with respect to interest and, then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the provisions of the Resolution summarized in Appendix D under the heading “Defeasance”. 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.

(c) The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or any Series of Bonds 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 Institution 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 Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund established for such Project available therefor.

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

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

(e) The Authority shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to the provisions of the Loan Agreement summarized, herein which has not been made by the Institution when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the provisions of the Loan Agreement summarized under the heading “**Defaults and Remedies**” below arising out of the Institution’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 Institution to make such payment.

(f) The Institution, 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 the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any payment made pursuant to the provisions of the Loan Agreement summarized under the heading “**Sale of the Project**” below, 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 the Resolution, the Authority agrees, in accordance with the instructions of the Institution, 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 Section 12.01(b) of the Resolution.

(Section 9)

Reserve Funds

The Institution agrees that it will at all times maintain on deposit in the Debt Service Reserve Fund an amount at least equal to the Debt Service Reserve Fund Requirement, provided that the Institution shall be required to deliver moneys, Government Obligations or Exempt Obligations to the Trustee for deposit in the Debt Service Reserve Fund as a result of a deficiency in such fund only after the notice required by the Resolution is given.

In accordance with the Resolution, the Institution may deliver to the Trustee a Reserve Fund Facility for all or any part of a Debt Service Reserve Fund Requirement in accordance with and to the extent permitted by the Resolution. Whenever a Reserve Fund Facility has been delivered to the Trustee and the Institution is required to restore a Debt Service Reserve Fund Requirement, it shall reimburse directly, or pay to the Authority an amount sufficient to reimburse, the Facility Provider in order to cause such Reserve Fund Facility to be restored to its full amount and shall then deliver additional moneys or Government Obligations or Exempt Obligations necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

The delivery to the Trustee of Government Obligations and Exempt Obligations and other moneys from time to time made by the Institution pursuant to the Loan Agreement shall constitute a pledge thereof, and shall create a security interest therein, for the benefit of the Authority to secure performance of the Institution's obligations under the Loan Agreement and for the benefit of the Trustee to secure the performance of the obligations of the Authority under the Resolution. The Institution authorizes the Authority pursuant to the Resolution to pledge such Government Obligations and Exempt Obligations and other moneys to secure payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on the Bonds, whether at maturity, upon acceleration or otherwise, and the fees and expenses of the Trustee, and to make provision for and give directions with respect to the custody, reinvestment and disposition thereof in any manner not inconsistent with the terms of the Loan Agreement and of the Resolution.

(Section 10)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does continuously pledge, grant a security interest in, and assign to the Authority the Pledged Revenues, together with the Institution's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues and of such right. This pledge, grant of security interest and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges.

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution's performance under the Loan Agreement. The Institution agrees that after the date of the Loan Agreement it shall not create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by the Loan Agreement.

(Section 11)

Collection of Pledged Revenues

Subject to the provisions summarized in the following paragraph, commencing on the date on which Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution shall deliver to the Trustee for deposit in accordance with the provisions of the Resolution summarized in Appendix D under the heading "**Deposit of Revenues and Allocation Thereof,**" all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the Institution's receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, assuming

that Variable Interest Rate Bonds will, from and after the next succeeding date on which the rates at which such Variable Interest Rate Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum at which such Variable Interest Rate Bonds then bear interest, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased (other than Option Bonds tendered or deemed to have been tendered for purchase or redemption), and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the provisions of the Resolution summarized in Appendix D under the heading “**Deposit of Revenues and Allocation Thereof;**” any payments received by the Institution with respect to the Pledged Revenues (other than such amounts subject to the Prior Pledges).

Notwithstanding anything to the contrary in the provisions of the Loan Agreement summarized in the preceding paragraph, in the event that, on or prior to the date on which a payment is to be made pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the Institution has made such payment from its general funds or from any other money legally available to it for such purpose, the Institution shall not be required solely by virtue of the provisions of the Loan Agreement summarized in the preceding paragraph, to deliver Pledged Revenues to the Trustee.

Any Pledged Revenues collected by the Institution that are not required to be paid to the Trustee pursuant to the Loan Agreement shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the Institution for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement) nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.

(Section 12)

Mortgages; Lien on Fixtures, Furnishings and Equipment

If required, at or before the delivery by the Authority of any Series of Bonds, the Institution shall execute and deliver to the Authority the Mortgage, in recordable form, mortgaging the Mortgaged Property acceptable to the Authority, which Mortgage shall constitute a first lien on the Mortgaged Property, subject only to the Permitted Encumbrances.

The Authority, with the Insurers’ Consent, however, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with the Mortgaged Property and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, the Authority may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Mortgaged Property provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

Warranty of Title; Utilities and Access

The Institution warrants and represents to the Authority that (i) it has good and marketable title to each Project and all Mortgaged Property, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan

Agreement and the Institution's programs and (ii) the Institution buy such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from the Projects for proper operation and utilization of the Project and all Mortgaged Property and for utilities required to serve the Projects and all Mortgaged Property, together with such rights of way, easements or other rights in, to and over land as may be necessary for construction by the Institution of the Project.

The Institution warrants, represents and covenants that the Project and the Mortgaged Property from and after the time the Authority is granted security interest therein (i) is and will be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances and such other encumbrances approved in writing by the Authority, (ii) is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, mower, steam, heating, air-conditioning and ventilation) and (iii) to the extent applicable, has and will have its own separate and independent means of access, apart from any other property owned by the Institution or others; **provided, however,** that such access may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution or the Authority.

(Section 14)

Additional Representation and Covenants

The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under, the Loan Agreement, any Mortgage and the Related Agreements, (B) to incur the indebtedness contemplated by the Loan Agreement and thereby and (C) to make the pledge of and grant the security interest in the Pledged Revenues given by the Loan Agreement and to mortgage any Mortgaged Property, (ii) the Loan Agreement and the Related Agreements constitute valid and binding obligations of the Institution enforceable in accordance with their terms and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the Institution's obligations under the Loan Agreement and each of the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues and the Government Obligations and Exempt Obligations made or granted pursuant to the Loan Agreement and the mortgaging of the Mortgaged Property, do not violate, conflict with or constitute a default under the charter or by-laws of the Institution. or any indenture, mortgage, trust, or other commitment or agreement to which the Institution is a party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

The Institution warrants, represents and covenants (i) that the Pledged Revenues are and will be free and clear of any pledge, lien, charge, security interest or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge thereof made pursuant to the Loan Agreement and (ii) that all corporate action on the part of the Institution to authorize the pledge thereof and the granting of a security interest therein has, been duly and validly taken. The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of the Authority and the Holders of Bonds thereunder against all claims and demands of all persons whomsoever.

(Section 16)

Tax-Exempt Status of Institution

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

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

(Section 17)

Securities Acts Status

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

(Section 18)

Maintenance of Corporate Existence

The Institution covenants that it will (i) maintain its corporate existence, (ii) continue to operate as a nonprofit educational organization, (iii) obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, (iv) except as expressly permitted by the Loan Agreement, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it. The Institution, with the Insurers' Consent and the prior written consent of the Authority, may (A) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies as an organization described in Section 501(c)(3) of the Code, or any successor provision of federal income tax law, (B) permit one or more corporations or any other organization to consolidate with or merge into it, or (C) acquire all or substantially all of the assets of one or more corporations or other organizations. Notwithstanding the foregoing provisions, no disposition, transfer, consolidation or merger otherwise permitted by the Loan Agreement shall be permitted unless (1) the same would not in the opinion of Bond Counsel adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation, (2) the Institution will not as a result thereof be in default under the Loan Agreement or under any Related Agreement, (3) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and is qualified as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (4) the surviving, resulting or transferee corporation of the Institution assumes in writing all of the obligations of the Institution under the Loan Agreement, under the Continuing Disclosure Agreement, and under the Related Agreements and any Mortgage, and furnishes to the Authority and each Insurer (x) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions of the Loan Agreement and of the Related Agreements, and will meet the requirements of the Act, and (y) such other certificates and documents as the Authority or an Insurer may reasonably require to establish compliance with the Loan Agreement.

(Section 19)

Environmental Quality Review and Historic Preservation

For the purpose of assisting the Authority in making any findings or determinations which might be required by (i) Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereunder (collectively, “SEQR”) or (ii) the New York State Historic Preservation Act of 1980 and the regulations promulgated thereunder (collectively the “Preservation Act”), the Institution agrees to abide by the requirements relating thereto as set forth in the Loan Agreement.

(Section 20)

Use and Possession of the Projects

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the Institution shall have sole and exclusive control and possession of and responsibility for (i) each Project and any Mortgaged Property, (ii) the operation of the Projects and the Mortgaged Property and supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Projects and the Mortgaged Property; **provided, however**, that, except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of a Project by persons other than the Institution or its students, staff or employees in furtherance of the Institution’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.

(Section 21)

Restrictions on Religious Use

The Institution agrees that with respect to each 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; **provided, further**, that if at any time after the date of the Loan Agreement, in the opinion of Bond Counsel, the then applicable law would permit the Project or 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 the Authority deems necessary to determine whether the Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The Institution further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of 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 containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or, if included in the Project, the real property on or in which such portion is situated, to be used without regard to me above stated restriction., then said restriction shall be without any force or effect. For the purposes of the Loan Agreement an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Section 22)

Sale of the Project

The Institution covenants that it will not transfer, sell or convey a Project or any part thereof or interest therein, including development rights, without the prior approval of the Authority and the Insurers, unless (a) in the opinion of Bond Counsel, the same will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes and (b) the Institution pays to the Trustee either for deposit into the Debt Service Fund, or, pursuant to the Resolution, to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority.

Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures that is part of a Project and was financed with the proceeds of Bonds provided that the Institution substitutes for such equipment, furniture or fixtures additional equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 23)

Maintenance, Repair and Replacement

The Institution agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain each Project and any Mortgaged Property in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted. The Institution shall give the Authority not less than fifteen (15) days prior written notice of its intention to make a change or alteration of a structural nature in or to a Project or any Mortgaged Property. The Institution shall have the right to remove or replace any type of fixtures, furnishings and equipment in any which may have been financed by the proceeds of the sale of Bonds provided the Institution substitutes for any such removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced.

The Institution further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing each Project except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 24)

Covenant as to Insurance

(a) The Institution 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 providing services similar to those provided by the Institution. All policies of insurance required pursuant to provisions of the Resolution summarized in the following paragraphs shall be primary to any insurance maintained by the Authority.

(b) The Institution shall, with respect to each Project and any Mortgaged Property, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers acceptable to the Authority, the following insurance:

(i) with respect to any building the construction of which shall not have been completed (and until insurance is procured pursuant to provisions of the Loan Agreement summarized in clause (ii) of this paragraph), all risk builders' risk insurance against direct physical loss or damage, or with respect to the acquisition and installation of equipment or machinery, in lieu of all risk builders' risk, an installation floater on an all risk basis. The amount of such insurance shall be on a one hundred per centum (100%) completed value basis on the insurable portion and shall not have any exclusion for losses occasioned by acts of terrorism unless such coverage is no longer commercially available or the Institution receives Insurers' Consent allowing such exclusion;

(ii) at all times (except during a period when builders' risk insurance is in effect as required by provisions of the Loan Agreement summarized in clause (i) of this paragraph (a), all risk property insurance against direct physical loss or damage to each Project in an amount not less than one hundred per centum (100%) of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms (such insurance shall not have any exclusion for losses occasioned by acts of terrorism unless such coverage is no longer commercially available or the Institution receives Insurers' Consent allowing such exclusion); provided, however, that the inclusion of a Project under a blanket insurance policy or policies of the Institution insuring against the aforesaid hazards in an amount aggregating at least one hundred per centum (100%) of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions summarized in this paragraph with respect to such Project; provided further, that in any event, each such policy shall be in an amount sufficient to prevent the Institution and the Authority from becoming co-insurers under the applicable terms of such policy;

(iii) at all times, statutory workers' compensation insurance, covering loss resulting from injury, sickness, disability or death of employees and employer's liability insurance with limits of at least \$1,000,000 for each accident, each sickness, and aggregate occupational illness or sickness;

(iv) at all times, statutory disability benefits;

(v) at all times, commercial general liability insurance protecting the Authority and the Institution against loss or losses from liabilities arising from bodily injury of persons or damage to the property of others caused by accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of injury to persons or property damage with \$2,000,000 policy aggregate, excluding liability imposed upon the Authority or the Institution by any applicable workers' compensation law;

(vi) commencing with the date on which construction of a Project or any part thereof is completed or first occupied, or any equipment, machinery, fixture or personal property covered by comprehensive boiler and machinery coverage is accepted, whichever occurs earlier, insurance providing comprehensive boiler and machinery coverage in an amount considered adequate by the Authority, which insurance may include deductible provisions approved by the Authority; and

(vii) each other form of insurance which the Institution is required by law to provide and such other kinds of insurance in such amounts as from time to time may be reasonably required by the Authority.

All policies of insurance maintained pursuant to provisions of the Loan Agreement summarized in paragraph (b) of this section, other than policies of workers' compensation insurance, shall include the Authority or, if the Loan Agreement has been assigned to the Trustee, the Trustee as its assignee, as an additional insured or as loss payee.

(Section 25)

Damage or Condemnation

In the event of a taking of a Project or any Mortgaged Property or any portion thereof by eminent domain or condemnation, or of damage or destruction affecting all or part thereof, all property casualty insurance, condemnation or eminent domain proceeds shall, if in excess of \$250,000 and not applied to reimburse the Institution for costs incurred to repair or restore the same, be paid to the Trustee for deposit in, the Construction Fund. All proceeds derived from an award for such taking or from property casualty insurance shall be applied as provided below.

(i) If within one hundred twenty (120) days (or such longer period as the Authority and the Institution may agree) after the Authority receives actual notice or knowledge of the taking or damage, the Institution and the Authority agree in writing that the property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as

possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

(ii) If no agreement for the repair, restoration or replacement the property or affected portion shall have been reached by the Authority and the Institution within such period, the proceeds then held by the Institution shall be paid the Trustee for deposit in the Debt Service Fund and the proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Bonds.

(Section 26)

Taxes and Assessments

The Institution shall pay when due at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon a Project or any part thereof and upon all ordinary costs of operating, maintaining, repairing and replacing such Project and its equipment. The Institution shall file exemption certificates as required by law. The Institution agrees to exhibit to an Authorized Officer of the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; **provided, however**, that the good faith contest of such impositions shall be deemed to be complete compliance with the requirements of the Loan Agreement if the Institution sets aside such reserves as may be required by good accounting practice. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the Institution, may pay any such charges, taxes and assessments if, in the reasonable judgment of the Authority, a Project or any part thereof would be in substantial danger by reason of the Institution's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair (i) the interests or security of the Authority under the Loan Agreement or under the Resolution; (ii) the ability of the Authority to enforce its rights thereunder; (iii) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement or under the Resolution; or (iv) the ability of the Institution to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the Institution agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 27)

Defaults and Remedies

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

(i) the Institution shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than as described in subsection (B) below) or the payment of any other amounts required to be delivered, or paid by or on behalf of the Institution in accordance with the Loan Agreement or with the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of interest payable on Outstanding Variable Interest Rate Bonds or the purchase price of Option Bonds tendered for purchase, in accordance with the terms of the Loan Agreement; or

(ii) the Institution defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Institution by the Authority or the Trustee or, if such default is not capable of being cured within thirty (30) days, the Institution fails to commence within said thirty (30) days to cure the same and to diligently prosecute the cure thereof; or

(iii) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any other Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof; or

(iv) the Institution shall (A) be generally not paying its debts as they become due, (B) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (C) make a general assignment for the benefit of its general creditors, (D) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (E) be adjudicated insolvent or be liquidated or (F) take corporate action for the purpose of any of the foregoing; or

(v) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Institution, 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 Institution, or any petition for any such relief shall be filed against the Institution and such petition shall not be dismissed or stayed within ninety (90) days; or

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

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

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

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

(x) an order of a court having jurisdiction shall be entered directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the Institution, which order shall remain undismissed or unstayed for the earlier of (A) three (3) business days prior to the date provided for in such order for such sale, disposition or distribution or (B) an aggregate of thirty (30) days from the date such order shall have been entered; or

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

(xii) the occurrence and continuance of an event of default under a Mortgage.

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

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

(ii) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the Institution 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;

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that (1) subject to the Prior Pledges, the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor and may continue to do so commencing on each such interest payment date to the extent of amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority; provided, however, that (1) the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

(vi) to the extent permitted by law, (A) enter upon one or more Projects and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect any Project, all at the risk, cost and expense of the Institution, consent to such entry being by the Loan Agreement given by the Institution, (B) at any time discontinue any work commenced in respect of the construction of a Project or change any course of action undertaken by the Institution and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (C) assume any construction contract made by the Institution in any

way relating to the construction of a Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institution, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of a Project undertaken by the Authority pursuant to the provisions summarized in this subparagraph (vi), (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (2) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of such Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of a Project whether the same shall be paid or incurred pursuant to the provisions summarized in this subparagraph (vi) 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 Institution to the Authority upon demand. The Institution 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 Institution for the purpose of exercising the rights granted to the Authority by provisions summarized in this subparagraph (vi) during the term of the Loan Agreement;

(vii) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Debt Service Reserve Fund by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on Bonds or any other obligations or liability of the Institution or the Authority arising from the Loan Agreement, or from the Resolution; and

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

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

(Section 31)

Investment of Moneys

The Institution acknowledges that the Authority may in its sole discretion direct the investment of certain moneys held under the Resolution as provided therein and that no representation or warranty has been made by the Authority with respect to interest rates on, or the amount to be earned as a result of, any such investment. Neither the Authority nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution summarized in Appendix D under the heading "**Security for Deposits and Investment of Funds**" in the manner provided therein, or for any loss, direct or indirect, resulting from any such investment. The Authority agrees that it shall direct the making of investments as permitted by the Resolution as soon as practicable when moneys are legally available therefor.

(Section 33)

Limitation on Agreements

The Institution shall not enter into any contract or agreement which impairs the Institution's ability to comply with the provisions of the Loan Agreement relating to financial obligations of the Institution in any material respect.

(Section 35)

Arbitrage; Tax Exemption

Each of the Institution and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or, making any investment or use of the proceeds of Bonds, which would cause the Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. The Institution (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the Institution by the Authority,

The Institution covenants that it will not take any action or fail to take any action which would cause any representation or warranty of the Institution contained in a Tax Certificate then to be untrue and shall comply with all covenants and agreements of the Institution contained in each Tax Certificate, in each case to the extent required by and otherwise in compliance with such Tax Certificate.

(Section 36)

Limitation on Authority Rights

As long as no Event of Default has occurred and is continuing, and no event has occurred that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, the Authority will not, without the prior written consent of the Institution (i) change the dates on which an Option Bond is to be tendered for purchase or the period during which a Variable Interest Rate Bond is to bear interest at a particular rate, (ii) convert a Variable Interest Rate Bond to bear interest at or fixed rate to its maturity, (iii) seek the removal or resignation of a Remarketing Agent or appoint a successor Remarketing Agent, (iv) amend or modify the dates on or Redemption Price at which a Variable Interest Rate Bond after its conversion to bear interest at a fixed rate to the maturity date thereof may be redeemed at the election or direction of the Authority in accordance with the Resolution or (v) remarket at a price other than par any Option Bond tendered or deemed to have been tendered for purchase. The Institution may, at any time no Event of Default, or an event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, request the Authority to take such action as may be required by the Resolution or a Series Resolution authorizing the issuance of Option Bonds or Variable Interest Rate Bonds to change the dates on which such Option Bonds are to be tendered for purchase or the period during which such Variable Interest Rate Bonds shall bear interest at a particular rate or to convert such Variable Interest Rate Bonds to bear interest at a fixed rate to their maturity.

(Section 37)

Certificate as to Representations and Warranties

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

(Section 40)

Further Assurances

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

(Section 43)

Amendments to Loan Agreement

The Loan Agreement may be amended only in accordance with the Resolution and each amendment shall be made by an instrument in writing signed by the Institution and the Authority, an executed counterpart of which shall be filed with the Trustee. The Institution shall furnish to each Insurer a complete transcript of all proceedings relating to an amendment to the Loan Agreement.

(Section 44)

Termination

The Loan Agreement shall remain in force and effect until no Bonds are Outstanding and until all other payment, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof, **provided, however**, that the liabilities and the obligations of the Institution under the Loan Agreement relating to the prompt payment of arbitrage rebate and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to provisions of the Loan Agreement summarized under the headings **“Damage or Condemnation”** and **“Taxes and Assessments”** above and provisions of the Loan Agreement related to indemnity by the Institution shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of the Institution’s duties under the Loan Agreement and the release or surrender of any security interests granted by the Institution to the Authority pursuant to the Loan Agreement.

(Section 45)

Maintenance of Expendable Net Assets

So long as Bonds are Outstanding, the Institution shall comply with the following covenants and terms.

(a) *Expendable Net Assets Requirement.* The Institution shall have (i) on each Testing Date on or after May 31, 2004, Expendable Net Assets that are at least equal to 40% of the principal balance of its Long-Term Indebtedness outstanding on such Testing Date, (ii) on each Testing Date on and after May 31, 2006, Expendable Net Assets that are at least equal to 50% of the principal balance of its Long-Term Indebtedness outstanding on such Testing Date, (iii) on each Testing Date on and after May 31, 2008, Expendable Net Assets that are at least equal to 65% of the principal balance of its Long-Term Indebtedness outstanding on such Testing Date and (iv) on each Testing Date on and after May 31, 2010, Expendable Net Assets that are at least equal to 75% of the principal balance of its Long-Term Indebtedness outstanding on such Testing Date (the respective percentages are each an “Expendable Net Assets Requirement”).

(b) *Reporting Requirement.* On or prior to each Reporting Date the Institution shall file with the Authority and the Insurer a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date its Expendable Net Assets were at least equal to the then applicable Expendable Net Assets Requirement and setting forth the calculation upon which such statement is based.

(c) *Actions Upon Failure to Meet Requirements.* If on any Testing Date the Institution does not have Expendable Net Assets at least equal to the Expendable Net Assets Requirement, the Institution shall either:

(i) within 60 days after the date of the certificate required by the provisions of the Loan Agreement summarized in paragraph (b) above, furnish a report of an independent, certified public accountant stating that, as of the date of such report the Institution's Expendable Net Assets were at least equal to the Expendable Net Assets Requirement; or

(ii) (A) within 60 days after the date of the certificate required by paragraph (b) above, engage a financial management consultant mutually acceptable to the Insurer and the Institution to review the financial affairs of the Institution and submit to the Institution within 90 days of engagement recommendations as to actions the Institution could take to cause its Expendable Net Assets to at least equal the Expendable Net Assets Requirement; and (B) within 120 days after submission of the consultant's recommendations, furnish a report of an independent, certified public accountant stating that, as of the date of such report, the Institution's Expendable Net Assets were at least equal to the Expendable Net Assets Requirement.

If, except as provided in subparagraph (d)(i) below, the Institution has failed to provide a report in accordance with either clause (i) or clause (ii)(B) above, such failure shall constitute an Event of Default and the Institution shall within 30 days thereafter deliver to an independent third party custodian designated by the Authority and acceptable to the Insurer, unrestricted cash or marketable securities that constitute Permitted Investments or Permitted Collateral under the Resolution, or any combination thereof, with an aggregate nominal value in the case of cash and a market value in the case of securities that, at the time of delivery and on each Testing Date thereafter, is at least equal to the Expendable Net Assets Requirement as applied solely to the then Outstanding Bonds (the "**Collateral Requirement**"), to be held as collateral security for the Institution's obligations under the Loan Agreement.

(d) *Exceptions.* Notwithstanding the foregoing, (i) the Institution will not be considered to have failed to meet the Expendable Net Assets Requirement on any Testing Date on which the Expendable Net Assets were not at least equal to the then applicable Expendable Net Assets Requirement if such failure were due solely to a decline in the market value of the Expendable Net Assets as a consequence of general market changes since the immediately preceding Testing Date and compliance can be demonstrated by restoring to the Institution's Expendable Net Assets any cumulative net decreases reported in Unrestricted Net Assets and Temporarily Restricted Net Assets that resulted from nonoperating investment activities since the last Testing Date upon which the Expendable Net Assets Requirement was met; (ii) the Institution will not be considered to have failed to comply with the Collateral Requirement if the Institution's unrestricted cash and securities are not sufficient to provide collateral at least equal to the Collateral Requirement, provided that (x) the Institution has delivered to the custodian as required by paragraph (c) above all of its then available unrestricted cash and securities and (y) thereafter delivers to the custodian all Unrestricted Gross Revenues until the aggregate value of the cash and securities delivered pursuant to (x) and (y) and held by the custodian equals the Collateral Requirement; and (iii) the Institution will not be required to comply with the Collateral Requirement imposed by paragraph (c) above, if, in the opinion of Bond Counsel, compliance with such obligation will adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes.

(e) *Substitution of Collateral.* The cash and securities delivered pursuant to paragraph (c) above shall be held as collateral security for the Institution's obligations under the Loan Agreement. Until released to the Institution as provided below, the Institution will be permitted to deliver cash or other securities that comply with paragraph (c) above in substitution for any cash or securities then held by the custodian, provided that upon such substitution the value of the cash and securities is at least equal to the Collateral Requirement. The Institution shall have the right, with the consent of the Authority or the Trustee, to exercise, or to direct the manner in which the custodian is to exercise, any right or privilege appertaining to the securities held by it. The Institution, without the consent of the Authority or the Insurer, shall be entitled to withdraw any amount held by the custodian to the extent the Institution has certified that such

withdrawal is necessary to enable it to pay its operating expenses. Notwithstanding the occurrence of an Event of Default under the Loan Agreement under paragraph (c) above, unless the Insurer exercises its right to direct a full or partial acceleration of the Bonds Outstanding, none of the Authority, the Insurer or the custodian shall have the right, without the prior written consent of the Institution, to exercise any right or privilege appertaining to the securities held by the custodian or to expend or apply or direct the expenditure or other application of the cash and securities, or any income earned thereof. The cash and securities shall be redelivered to the Institution free and clear of any lien as soon as practical after its Expendable Net Assets on two consecutive Testing Dates have been at least equal to the Expendable Net Assets Requirement.

(Section 50, Schedule D)

Additional Indebtedness Test

(a) *General.* Except as otherwise provided below, the Institution will not hereafter issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority and the Insurer. Notwithstanding the foregoing, the Institution may issue, incur, assume or guarantee Indebtedness without the consent of the Authority or the Insurer, provided that the Institution delivers to the Authority and the Insurer (1) written confirmation from Moody's Investor Service to the effect that the rating assigned to the Outstanding Bonds, without regard to enhancement or insurance, has not been withdrawn, suspended or reduced to below Baa2, and (2) a certification of an independent certified public accountant to the effect that the Expendable Net Assets at the end of the calendar month immediately preceding the date on which such Indebtedness is issued, incurred, assumed or guaranteed were at least equal to 75% of the principal amount of Long-Term Indebtedness then outstanding after giving effect to the issuance, incurrence, assumption or guaranty of such additional Indebtedness.

(b) *Refunding Indebtedness.* Notwithstanding the foregoing provisions of paragraph (a), Refunding Debt may be issued without the prior written consent of the Authority and the Insurer and without complying with the requirements of paragraph (a) of this Section if (i) after giving effect to the issuance of the Refunding Debt, the maximum annual debt service on the Institution's outstanding Indebtedness will not be greater in any fiscal year, and (ii) the Institution delivers to the Authority and the Insurer a certificate of an independent certified public accountant to that effect. As used in the preceding sentence, "maximum annual debt service" means, on any date, when used with respect to the Bonds, the greatest amount required in the then current or future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year assuming that a Variable Interest Rate Bond bears interest at a fixed rate of interest equal to that rate which, in the reasonable determination of an Authorized Officer if the Authority, such Variable Interest Rate Bond would have had to bear as a fixed rate bond to be marketed at par on the date of its initial issuance.

(c) *Variable Rate and Balloon Indebtedness.* Notwithstanding the provisions of paragraphs (a) and (b) of this Section, the Institution shall not without the prior written consent of the Authority and the Insurer issue, incur, assume or guaranty either Variable Rate Indebtedness or Balloon Indebtedness or enter into any agreement or commitment for credit or liquidity support for such Indebtedness or interest rate exchange agreements or other hedge in connection with such Indebtedness.

(d) *Other Permitted Indebtedness.* The Institution may, without the prior written consent of the Authority or the Insurer, issue, incur, assume or guaranty any of the following: (i) Indebtedness of an amount not to exceed \$18 million to be issued by the Institution to finance the construction of a parking facility and an addition to the existing Continuing Education Building, (ii) Non-recourse Indebtedness; (iii) Indebtedness that is not Long-Term Indebtedness, and (iv) Indebtedness that is either not secured by a lien on any of the property securing the Institution's Indebtedness under the Loan Agreement or is secured by a lien on any such property that is subordinate to the lien thereof securing the Institution's Indebtedness under the Loan Agreement.

(e) *No Issuance in Default.* Notwithstanding the foregoing provisions of this Section, the Institution shall not, without the prior written consent of the Authority and the Insurer, issue, incur, assume or guaranty any Indebtedness if an Event of Default under the Resolution has occurred and is then continuing.

(Section 50, Schedule D)

**SUMMARY OF CERTAIN PROVISIONS
OF THE
AMENDED AND RESTATED RESOLUTION**

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**SUMMARY OF CERTAIN PROVISIONS
OF THE
AMENDED AND RESTATED RESOLUTION**

The following is a brief summary of certain provisions of the Resolution pertaining to the Bonds, as amended and restated in connection with the conversion of the Reoffered Bonds. 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 in this Appendix shall have the meanings ascribed to them in Appendix A. Unless otherwise indicated, references to section numbers refer to sections in the Resolution.

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Assignment of Certain Rights and Remedies to the Trustee

As security for the payment of the principal and Redemption Price of and interest on the Outstanding Bonds and for the performance of each other obligation of the Authority under the Resolution, the Authority may, and upon the happening of an Event of Default under the Resolution, other than an Event of Default specified in the Resolution as summarized below in paragraph (c) under the heading “**Events of Default,**” the Authority upon the request of the Insurers of a majority in principal amount of Outstanding Bonds shall, grant, pledge and assign to the Trustee all of the Authority’s estate, right, title, interest and claim in, to and under the Loan Agreement or any Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under the Loan Agreement or any Mortgage, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under the Loan Agreement or any Mortgage, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Bondholders, and to perform all other necessary and appropriate acts under the Loan Agreement or any Mortgage, including but not limited to the right to declare the indebtedness under the Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon the Pledged Revenues or any Mortgage, subject to the following conditions, that (i) the Holders of the Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority and (ii) unless and until the Trustee shall, in its discretion, by instrument in writing delivered to the Authority and the Institution, otherwise elect, the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in the Loan Agreement and any Mortgage to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision). Until such election is made the Authority shall remain liable to observe and perform all the conditions and covenants, in the Loan Agreement and any Mortgage, provided to be observed and performed by it. Upon any such grant, pledge or assignment contemplated by the Resolution the Authority may retain the right to (i) the payment of any fees, costs and expenses of the Authority payable pursuant to the Loan Agreement, (ii) the indemnities provided thereby and payments made pursuant to such indemnities and (iii) the exercise of any right or remedy available under the Loan Agreement or any Mortgage for the enforcement of the obligations of the Institution to which the Authority has retained such right.

Any grant, pledge or assignment made pursuant to the Resolution as summarized herein, shall be made by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority within thirty (30) days after either written notice of the Authority's election to make such grant, pledge or assignment or the written request of the Insurers of a majority in principal amount of the Outstanding Bonds made after an Event of Default under the Resolution has occurred.

If an Event of Default under the Resolution has been cured and is no longer continuing, the Trustee, as soon as practicable after the written request of the Authority, shall re-grant and re-assign to the Authority, and release from any pledge made by the Authority pursuant to the Resolution as summarized herein, all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement and any Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority thereunder, theretofore granted, pledged or assigned to the Trustee pursuant to the Resolution. The Trustee shall execute such instruments as the Authority may reasonably require to effect or evidence such re-grant, re-assignment or release.

(Section 1.04)

Assignment of Subordinate Mortgage to Credit Facility Provider

Notwithstanding the provisions under the heading "**Assignment of Certain Rights and Remedies to the Trustee,**" a mortgage granted to the Authority by the Institution at the request of a Credit Facility Provider for the purpose of securing the obligation of the Institution under the Loan Agreement to make payments with respect to interest and principal due on Variable Interest Rate Bonds or fees due to such Credit Facility Provider may be assigned by the Authority to such Credit Facility Provider, without the consent of the Trustee and free of any pledge or assignment under the Resolution, if such mortgage is expressly subordinate to the lien of the Mortgage.

(Section 1.05)

Refunding Bonds

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

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

- (a) If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;
- (b) Irrevocable instructions to the Trustee, satisfactory to it, to duly give the notice provided for in the defeasance provisions of the Resolution to the Holders of the Bonds being refunded;
- (c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in the defeasance provisions of the Resolution; and
- (d) A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements summarized herein.

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

(Section 2.04)

Additional Obligations

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

(Section 2.05)

Redemption of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds other than as summarized in the following paragraph, the Authority shall give to the Trustee, each Facility Provider and each Insurer written notice of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series and Sub-Series to be redeemed. The Series, Sub-Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee, the Insurer of the Bonds to be redeemed and each Facility Provider at least sixty (60) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee and the Facility Providers. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that moneys for payment of the Redemption Price are available on the redemption date, such notice shall not be given with respect to Bonds to be redeemed pursuant to the Resolution as summarized herein unless prior to the date such notice is to be given the Authority shall have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed.

With respect to any series of Bonds for which a Credit Facility is in effect, unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that Available Moneys for payment of the Redemption Price are available on the redemption date, such notice shall not be given with respect to Bonds to be redeemed pursuant hereto unless prior to the date such notice is to be given the Authority:

- (i) if such redemption is to be effected with proceeds of a draw on a Credit Facility, has provided the Trustee with written evidence from the Credit Facility Provider of its consent thereto, or
- (ii) has paid or caused to be paid to the Trustee Available Moneys in an amount which, in addition to other Available Moneys available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed, and has delivered or caused to be

delivered to the Trustee and to each Rating Service then maintaining a rating on such Series of Bonds an opinion of Bond Counsel acceptable to such Rating Service to the effect that the deposit of the moneys with the Trustee for purposes of such redemption will not constitute a payment that could be avoided under the Bankruptcy Code if the Authority or the Institution becomes a debtor in a case under the Bankruptcy Code.

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

Whenever by the terms of the Resolution the Trustee is required to redeem Bonds through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of the Series, Sub-Series and maturities to be redeemed in the manner summarized in the following paragraph, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Resolution.

(Section 4.03)

Selection of Bonds to Be Redeemed

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

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

(Section 4.04)

Notice of Redemption

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) of each such Bond, the principal amount thereof to be redeemed; (vi) the

date of publication, if any, of the notice of redemption; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (ix) if the Authority's obligation to redeem the Bonds is subject to one or more conditions, a statement to that effect that describes the conditions to such redemption. Any notice of redemption, other than a notice for special or extraordinary redemption provided for in a Series Resolution or Bond Series Certificate, may state that the redemption is conditioned upon receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys are not received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to (i) the Insurer of any of the Bonds which are to be redeemed and (ii) the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice the Trustee shall promptly certify to the Authority that it has mailed or cause to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Resolution. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Resolution. The failure of any Insurer or Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds. If directed in writing by an Authorized Officer of the Authority, the Trustee shall also give such notice by publication thereof once in an Authorized Newspaper, such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date; **provided, however,** that such publication shall not be a condition precedent to such redemption, and failure to so publish any such notice or a defect in such notice or in the publication thereof shall not affect the validity of the proceedings for the redemption of the Bonds.

In addition, the Trustee shall (i) if any of the Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than thirty-five (35) days prior to the redemption date, but, if notice of redemption is to be published as aforesaid, in no event later than five (5) Business Days prior to the date of publication, and (ii) mail a copy of the notice of redemption to Kenny Information Systems Notification Service and to Standard & Poor's Called Bond Record, in each case at the most recent address therefor. Such copies shall be sent by certified mail, return receipt requested, but mailing such copies shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copies were mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds.

(Section 4.05)

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, Sub-Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the

Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bond is surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, Sub-Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds or portions thereof of any like Series, Sub-Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear, interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Pledge of Resolution; Funds and Accounts

Pledge of Resolution

The proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Credit Facility Provider Repayment Fund and the Arbitrage Rebate Fund, are pledged by the Resolution and assigned to the Trustee as security for the payment of the principal 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 under any Series Resolution, all in accordance with the Resolution and the Series Resolution, and, together with the Credit Facility Provider Repayment Fund, to each Credit Facility Provider as security for the Institution's performance of its obligations under the applicable Reimbursement Agreement. The pledge of the Revenues and the assignment of the Authority's security interest in the Pledged Revenues 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, the Authority's security interest in the Pledged Revenues and all funds and accounts established by the Resolution and by any Series Resolution which are pledged by the 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, the Authority's security interest in the Pledged Revenues and the funds and accounts established by the Resolution and which are pledged by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon.

(Section 5.01)

Establishment of Funds and Accounts

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

Credit Facility Provider Repayment Fund;
Construction Fund;
Debt Service Fund;
Debt Service Reserve Fund; and
Arbitrage Rebate Fund.

There is also established in the Debt Service Fund (i) a Credit Facility Account, (ii) a Redemption Account, (iii) an Institution Payments Account and (iv) a Reserve Fund Withdrawals Account. All moneys at any time deposited in any fund, account or sub-account created and pledged by the Resolution or by any Series Resolution or required thereby to be created, other than the Credit Facility Provider Repayment Fund and the Arbitrage Rebate Fund, 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 or redemption 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 Redemption Price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the Purchase Price or Redemption Price of such Option Bonds.

(Section 5.02)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority shall pay over to the Trustee and the Trustee shall deposit in the Construction Fund any moneys paid to the Authority pursuant to provisions of the Resolution summarized under the heading **“Deposit of Certain Moneys in the Construction Fund”** below. The Trustee shall also deposit in the Construction Fund all amounts paid to it by the Institution which by the terms of the Loan Agreement are required to be deposited therein.

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 of the Bonds and the Costs of the Projects. For purposes of internal accounting, the Construction Fund may contain one or more further subaccounts, as the Authority or the Trustee may deem proper.

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

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

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

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 which are 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;

Second: To the Debt Service Reserve Fund, such amount as shall be necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement; and

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

(Section 5.04)

Deposit of Revenues and Allocation Thereof

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 thereof be deposited or paid by the Trustee in the following order of priority:

First: To the Institution Payments Account in 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, 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, plus accrued interest thereon to the date of purchase or redemption;

Second: To reimburse, pro rata, each Reserve Fund Facility Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Reserve Fund Facility Provider;

Third: To the Debt Service Reserve Fund, the amount, if any, necessary to make the amount on deposit therein equal to the Debt Service Reserve Fund Requirement;

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

Fifth: 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 or any Mortgage 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 the provisions summarized in this paragraph.

The Trustee shall, promptly after making the above required payments, notify the Authority and the Institution of any balance of Revenues remaining on the immediately succeeding July 1. 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 Institution, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution.

(Section 5.05)

Credit Facility; Credit Facility Provider Repayment Fund

Unless otherwise provided in a Series Resolution with respect to any Series of Bonds for which a Credit Facility is in effect, the Trustee will draw on the applicable Credit Facility in accordance with its terms at such times as are necessary in order to allow the Trustee to make the payments required under the Resolution with respect to the Series of Bonds for which the Credit Facility was issued on the date such payments are due.

The Trustee will deposit all amounts drawn under the Credit Facility in the Credit Facility Account of the Debt Service Fund. Only amounts drawn under the Credit Facility and any investment earnings thereon will be deposited in the Credit Facility Account. All other moneys deposited in the Debt Service Fund will be held separate and apart from the Credit Facility Account. Amounts drawn under the Credit Facility will not be deemed the property of the Authority or the Institution. The Credit Facility Provider Repayment Fund will be held for the exclusive benefit of the Credit Facility Provider.

Unless otherwise provided in a Series Resolution, and subject to the succeeding sentence, on any day on which the Trustee has received amounts drawn under a Credit Facility, the Trustee will withdraw from the Credit Facility Provider Repayment Fund an amount sufficient to reimburse the Credit Facility Provider for the amount of will draw and will transfer such amount to the Credit Facility Provider. The Trustee will not transfer moneys from the Debt Service Fund or any other fund to reimburse the Credit Facility Provider for amounts drawn on the Credit Facility Provider's Credit Facility until after the amounts drawn on the Credit Facility has been deposited into the Credit Facility Account. The Trustee will notify the Institution in writing promptly following each payment to a Credit Facility Provider with amounts in the Credit Facility Provider Repayment Fund.

(Section 5.06)

Debt Service Fund

- (a) The Trustee shall on or before the Business Day preceding each interest payment date:
 - (i) from Available Moneys on deposit in the Credit Facility Account of the Debt Service Fund pay to itself and any other Paying Agent for the Bonds the interest due and payable on such interest payment date on all Outstanding Bonds with respect to which a Credit Facility is in effect; the principal amount due and payable on such interest payment date on all Outstanding Bonds with respect

to which a Credit Facility is in effect; and the Sinking Fund Installments on such interest payment date, if any, due and payable on all Outstanding Bonds with respect to which a Credit Facility is in effect;

(ii) pro rata to the extent moneys are available on deposit in the Institution Payments Account of the Debt Service Fund:

(A) pay to itself and any other Paying Agent for the Bonds, the interest due and payable on such interest payment date on all Outstanding Bonds with respect to which no Credit Facility is in effect; the principal amount due and payable on such interest payment date on all Outstanding Bonds with respect to which no Credit Facility is in effect; and the Sinking Fund Installments on such interest payment date, if any, due and payable on all Outstanding Bonds with respect to which no Credit Facility is in effect;

(B) transfer to the Credit Facility Provider Repayment Fund, an amount sufficient to reimburse the Credit Facility Provider for the amount of a draw under the Credit Facility Provider's Credit Facility and for any other previously un-reimbursed draw on the Credit Facility.

The amounts paid out pursuant to the Resolution shall be irrevocably pledged to and applied to such payments.

(b) In the event that on the fourth Business Day preceding any interest payment date (or with respect to Variable Interest Rate Bonds, the second Business Day preceding any Interest Payment Date) the amount in the Institution Payments Account of the Debt Service Fund shall be less than the amounts, respectively, required for (i) the payment of interest on the Outstanding Bonds, for the payment of principal of such Outstanding Bonds, (ii) the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date, (iv) the payment of the Purchase Price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, or (v) the reimbursement of a Credit Facility Provider for the amount of a draw under the Credit Facility Provider's Credit Facility and for any other previously un-reimbursed draw on the Credit Facility, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Authority, each Facility Provider, each Insurer and the Institution of a withdrawal from the Debt Service Reserve Fund.

(c) Notwithstanding the provisions of the Resolution summarized in paragraph (a) above, the Authority may, at any time subsequent to the first day of July 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 Institution 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.

(d) 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 or the earlier of the next succeeding 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 applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority 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 redemption provisions of the Resolution, at the Redemption Prices specified in the Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

The Trustee will make the payments required to be made pursuant to the Resolution with respect to a Series of Bonds for which a Credit Facility is in effect with amounts on deposit in the Credit Facility Account. If the amounts on deposit in the Credit Facility Account are insufficient to make such payments, then the Trustee will use other Available Moneys on deposit in the Debt Service Fund.

Amounts drawn on the Credit Facility and the earnings thereon shall not be paid to the Authority or the Institution pursuant the Resolution or the Loan Agreement, notwithstanding any other provision of this Resolution, any Series Resolution, any Bond Series Certificate or the Loan Agreement to the contrary. Notwithstanding any other provisions of the Resolution to the contrary, neither the Trustee nor the Paying Agent will have a lien on any Available Moneys, amounts being held to become Available Moneys, amounts drawn under any Credit Facility or the investment earnings thereon, nor shall the Trustee or the Paying Agent apply such amounts to pay any amounts other than principal, Sinking Fund Installments, if any, or Redemption Price of or interest on Bonds.

(Section 5.07)

Debt Service Reserve Fund

(a) (1) The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as shall be prescribed in the applicable Series Resolution or the applicable Bond Series Certificate, and any Revenues, moneys, Government Obligations and Exempt Obligations as, by the provisions of the Loan Agreement are delivered to the Trustee by the Institution for the purposes of the Debt Service Reserve Fund.

(2) In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Fund Requirement; provided, except as may be otherwise provided in a Series Resolution or a Bond Series Certificate, (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in the highest rating category at the time such surety bond or insurance policy is issued by each of the Rating Services that then rates such obligations and (ii) any letter of credit shall be issued by 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 provision of law, a federal branch pursuant to the International Banking Act of 1978, any successor provision or law, or 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, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by each of the Rating Services that then rates such obligations.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of the Debt Service Reserve Fund Requirement unless the Trustee shall have received prior to such deposit (i) an opinion of counsel acceptable to each other Facility Provider to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Reserve Fund Facility Provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) in the event such Reserve Fund Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Authority and (iii) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee substantially to the effect that payments

under such letter of credit will not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Authority or the Institution thereunder or under any applicable provisions of the Debtor and Creditor Law of the State.

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the unsecured or uncollateralized long term debt of the Reserve Fund Facility Provider or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of the Reserve Fund Facility Provider, is reduced below the ratings required by the second preceding paragraph, the Authority shall, either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the second preceding paragraph or (ii) deposit or cause to be deposited into the Debt Service Reserve Fund an amount of moneys, Government Obligations or Exempt Obligations which meet the requirements of the Resolution which is equal to the value of the Reserve Fund Facility of such Reserve Fund Facility Provider, such deposits to be, as nearly as practicable, in ten equal semi-annual installments commencing on the earlier of the January 1 or July 1 next succeeding the reduction in said ratings.

Each such surety bond, insurance policy or letter of credit shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of the provisions summarized herein under the heading **“Debt Service Reserve Fund”** and the provisions of the Resolution summarized under the heading **“Computation of Assets of Debt Service Reserve Fund”** below, in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation; provided that, if the unsecured or uncollateralized long term debt of such Reserve Fund Facility Provider, or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of such Reserve Fund Facility Provider has been reduced below the ratings required by the Resolution, said Reserve Fund Facility shall be valued at the lesser of (i) the amount available to be paid thereunder on the date of calculation and (ii) the difference between the amount available to be paid thereunder on the date of issue thereof and an amount equal to a fraction of such available amount the numerator of which is the aggregate number of interest payment dates which have elapsed since the date such ratings were reduced and the denominator of which is ten.

(b) Moneys held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the Resolution; provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, pro rata, based upon the respective amounts then available to be paid thereunder. The Trustee shall provide notification as set forth in the Resolution of any withdrawal of moneys from the Debt Service Reserve Fund or payment of a Reserve Fund Facility immediately upon such withdrawal or payment.

With respect to any demand for payment under any Reserve Fund Facility deposited in the Debt Service Reserve Fund, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of moneys on the interest payment date for which such moneys are required.

(c) (1) Moneys and investments held for the credit of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement, upon direction of an Authorized Officer of the Authority, shall be withdrawn by the Trustee and (i) deposited in the Arbitrage Rebate Fund, Debt Service Fund or Construction Fund, (ii) paid to the Institution or (iii) applied by the Authority to pay the principal or Redemption Price of and interest on bonds of the Authority issued in connection with the Institution pursuant to resolutions other than the Resolution, in accordance with such direction; **provided, however**, that no such amount shall be withdrawn and deposited, paid or applied unless in the opinion of Bond

Counsel such deposit, payment or application will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

(2) Notwithstanding the provisions of the Resolution, if, upon a Bond having been deemed to have been paid in accordance with the defeasance provisions of the Resolution or redeemed prior to maturity from the proceeds of Bonds, bonds, notes or other obligations issued for such purpose, the moneys and investments held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, then the Trustee shall, simultaneously with such redemption or a deposit made in accordance with the defeasance provisions of the Resolution, withdraw all or any portion of such excess from the Debt Service Reserve Fund upon the direction of an Authorized Officer of the Authority and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Authority, or (ii) either (x) fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued or provide for payment of such Bond if, in the opinion of Bond Counsel, application of such moneys to the use authorized in provisions summarized in this clause (x) will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, (y) pay such amount to the Authority for deposit to the Construction Fund if, in the opinion of Bond Counsel, application of such moneys to the payment of Costs of the Project will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, or (z) apply such amount to such other purpose as maybe approved in writing by the Authority if, in the opinion of Bond Counsel, application of such amount to such purpose will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes; provided that after such withdrawal the amount remaining in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Fund Requirement.

(d) Subject to the limitation described in the definition of Debt Service Reserve Fund Requirement, if upon a valuation, the moneys, investments and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Authority and the Institution of such deficiency and the Institution shall, as soon as practicable, but in no event later than fifteen (15) days after receipt of such notice, deliver to the Trustee moneys, Government Obligations, Exempt Obligations or Reserve Fund Facilities the value of which is sufficient to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. If the Institution has not made timely payment, the Trustee shall immediately notify the Authority of such non-payment.

(Section 5.08)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any moneys delivered to it by the Institution 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 shall be 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 be deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

The Authority shall periodically determine the amount which may be required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to each Series of Bonds and direct the Trustee to (i) transfer from any other of the funds and accounts held by the Trustee under the Resolution and deposit to the 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 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 5.09)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Debt Service Fund and the Debt Service Reserve 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 of redemption when all such Bonds are redeemable or (ii) to make provision pursuant to the Resolution for the payment of such Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the Institution. 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 redemption provisions of the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of Outstanding Bonds at the maturity or redemption dates thereof in accordance with such instruction.

(Section 5.10)

Transfer of Investments

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

(Section 5.11)

Computation of Assets of Debt Service Reserve Fund

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Institution, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to the provisions of the Resolution summarized herein under the heading **“Pledge of Resolution; Funds and Accounts,”** shall compute the value of the assets in the Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority and the Institution as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement. Notwithstanding the provisions of the Resolution summarized under in paragraph (c) under the heading **“Investment of Funds and Accounts Held by the Trustee”** below, investments held in the Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest.

(Section 5.12)

The Credit Facility

Draw Upon a Credit Facility

In addition to drawing on the Credit Facility pursuant to the Resolution, the Trustee will immediately draw upon the Credit Facility upon the occurrence of a special mandatory redemption of the Bonds of the Series to which the Credit Facility relates pursuant to the Resolution or the terms of any Bond Series Certificate. The amount to be drawn under the Credit Facility will be the full extent of the amounts

available thereunder necessary to pay the principal, Sinking Fund Installments or Redemption Price of (as and to the extent that any premium is provided for under the terms of the Credit Facility), and up to 215 days (or such lesser number of days as may be provided in a Series Resolution or the Bond Series Certificates with respect to a Credit Facility for such Series of Bonds) of interest on, all Outstanding Bonds of the applicable Series on the date on which the same shall be due.

The Trustee will immediately draw on the Credit Facility in accordance with its terms and is authorized by the Resolution to do all acts necessary to comply with such terms. At such time as the Trustee is required to draw on a Credit Facility pursuant to this Section, the Trustee will present the documents required by such Credit Facility.

Notwithstanding any other provision of the Resolution, amounts drawn under a Credit Facility will be used solely to make payments on the Series of Bonds in respect of which such Credit Facility was issued and will not be used for any other purpose.

(Section 6.01)

Amendments to Credit Facility

The Trustee may not consent to any amendment, supplement, modification or waiver to a Credit Facility which, in the Trustee's reasonable judgment, would materially adversely affect the interest of the Holders of the Outstanding Bonds of the Series of Bonds to which the Credit Facility relates. For the purposes hereof, the Bonds of a Series will be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Credit Facility if the same adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in its discretion, and without any liability to the Authority or Bondholders, determine whether or not, in accordance with the foregoing provisions, the Bonds of a Series would be adversely affected by any amendment, change, modification, alteration or termination, and any such determination shall be binding and conclusive on the Authority and the Holders of all such Bonds.

For all purposes hereof, the Trustee will be entitled to rely upon an opinion of counsel, including an opinion of Bond Counsel, which counsel must be satisfactory to the Authority, with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Bonds of a Series then Outstanding in any material respect.

(Section 6.02)

Reduction or Termination of Credit Facility

The Trustee will, in accordance with the applicable provisions of the Credit Facility, take such action (including filing of certificates of reduction), if any, as will be required to reduce the amount available to be drawn thereunder in respect of the principal, Sinking Fund Installments, and Redemption Price of and interest on the Series of Bonds to which such Credit Facility relates to reflect any reduction in the amount of Bonds Outstanding of such Series. Unless otherwise provided in the Resolution, the amount available to be drawn under the Credit Facility must at all times be not less than the principal amount of the Outstanding Bonds of a Series to which such Credit Facility relates, plus 215 days (or such lesser number of days as may be provided in a Series Resolution with respect to a Credit Facility for such Series of Bonds) of interest thereon and the amount, if any, provided therein with respect to the premium due in connection with the redemption of the Bonds of such Series. Any calculation of the Available Amount (as defined in the Credit Facility) required of the Trustee in connection with a reduction of a Credit Facility will be prepared by the Authority, in conjunction with the Trustee, and submitted by the Trustee pursuant to the terms of the applicable Credit Facility.

(Section 6.03)

Cancellation Upon Defeasance

If the Bonds of a Series covered by a Credit Facility are no longer Outstanding because such Bonds have been paid or deemed to have been paid in accordance the Resolution, then the Trustee will surrender the Credit Facility to the issuer of such Credit Facility for cancellation as provided in such Credit Facility.

(Section 6.04)

Substitute Credit Facility

Subject to the provisions of any applicable Series Resolution, the Authority may, at any time, at its option, upon written notice to a Credit Facility Provider (with a copy to the Insurer), or the Institution may, at any time, at its option with the prior written consent of the Authority and upon written notice to a Credit Facility Provider, deliver or cause to be delivered to the Trustee a Substitute Credit Facility provided by the Institution. No such Substitute Credit Facility will be or become effective for purposes of the Resolution unless:

- (i) the terms thereof are in all material respects the same as or more favorable to the Holders of the Bonds of such Series for which such Substitute Credit Facility will be issued than the then-existing Credit Facility and the amount of such Substitute Credit Facility is not less than the sum of the principal amount of Bonds Outstanding of such Series plus interest thereon for 215 days (or such lesser number of days as may be provided in a Series Resolution or the Bond Series Certificate with respect to a Credit Facility for such Series of Bonds),
- (ii) on or prior to the date of issuance thereof, the Authority has furnished to the Trustee:
 - (1) a Favorable Opinion of Bond Counsel, which opinion also states that the execution or delivery of such Substitute Credit Facility is authorized under the Resolution and complies with the terms thereof, and
 - (2) an opinion or opinions of counsel to the Credit Facility Provider issuing such Substitute Credit Facility, satisfactory in form and substance to the Authority and the Trustee, with respect to the matters set forth in the Resolution, and
- (iii) written evidence from the rating agencies then assigning ratings to the applicable Series of Bonds to the effect that such Rating Service has reviewed the proposed Substitute Credit Facility and that the issuance of such Substitute Credit Facility will not, by itself, result in a reduction or withdrawal of its rating of such Series of Bonds from the rating which then prevails.

Any Credit Facility Provider issuing a Substitute Credit Facility must have a combined capital stock, surplus and undivided profits of at least \$125,000,000. With respect to a branch or an agency of a foreign bank, the combined capital stock, surplus and undivided profits of both the branch or the agency and the foreign bank shall be utilized in order to fulfill this requirement as long as a favorable opinion of counsel is received by the Trustee, in form and substance satisfactory to the Trustee, as to the enforceability of a judgment rendered in a federal or state court of the United States with respect to the obligations of the Credit Facility Provider under the Substitute Credit Facility in the jurisdiction of organization of such foreign bank. Any such Credit Facility Provider must be authorized by law to perform all the duties and obligations thereof under the Resolution. A Substitute Credit Facility must be effective and moneys shall be available to be drawn thereunder not later than the date on which the existing Credit Facility expires or is terminated.

As soon as practicable following the delivery of a Substitute Credit Facility to the Trustee, the Trustee shall give notice to the Holders of the Outstanding Bonds of such Series for which such Substitute Credit Facility has been delivered, which notice must contain:

- (i) a description of such Substitute Credit Facility (including the date of expiration thereof);
- (ii) the name of the Credit Facility Provider issuing such Substitute Credit Facility;
- (iii) a statement that the ratings on such Series of Bonds:
 - (a) will not, as a result of the substitution of such Substitute Credit Facility for the then existing Credit Facility, be reduced or withdrawn and
 - (b) will be at least investment grade; and
- (iv) a statement that the Favorable Opinion of Bond Counsel and the opinion(s) of counsel to the Credit Facility Provider issuing the Substitute Credit Facility necessary for such Substitute Credit Facility to become effective have been obtained.

If a Substitute Credit Facility is delivered to the Trustee, the Trustee will, on the date on which moneys may be drawn under such Substitute Credit Facility for the payment of the principal, Sinking Fund Installments, and Redemption Price of, and interest on the Bonds of such Series to which such Credit Facility relates, take such action as is required to surrender to the issuer thereof for cancellation the Credit Facility that was replaced by such Substitute Credit Facility.

(Section 6.05)

Credit Facility Provider Default

Whenever by the terms of the Resolution the consent or approval of a Credit Facility Provider is required, such consent or approval will not be required if there has been a Credit Facility Provider Default.

Nothing contained in the Resolution shall limit or impair the rights of the Authority or the Holders of Bonds to give any consent or approval or to request or direct any action to be taken. If a Credit Facility Provider Default has occurred, such consent or approval shall be effective without the consent or approval of the Credit Facility Provider otherwise required by the Resolution and such action may be taken notwithstanding that such request or direction is required to be made or given together with the Credit Facility Provider. However, no actions taken without the consent of the Credit Facility Provider will impair the Credit Facility Provider's right to receive any amounts held for its benefit under the Resolution or impair any security for the obligations under the Reimbursement Agreement. The use of funds or security to satisfy obligors that would have been paid by the Credit Facility Provider under the Credit Facility but for its failure to honor its obligations thereunder (when there has been strict compliance with the Credit Facility by the Trustee), will not be considered an impairment of its right to receive amounts held for its benefit or an impairment of security.

Any consent or approval of the Credit Facility Provider required by the Resolution shall be deemed to have been given (i) if notice of the denial of such consent or approval is not given to the Authority and/or Trustee within thirty days after written request therefor is made or (ii) if such consent or approval is unreasonably withheld.

(Section 6.06)

Rights of Credit Facility Provider

If no financial guaranty insurance policy is in effect with respect to a series of Bonds, or if an Insurer Default has occurred and has not been cured, a Credit Facility Provider will be deemed to be the Holder of any Bond of the series of Bonds to which its Credit Facility relates for the purpose of exercising any right or power, consenting to an amendment, modification or waiver, or requesting or directing Trustee to take any action and will generally have the rights otherwise accorded to the Insurer with respect to such series of Bonds, unless a Credit Facility Provider Default has occurred and has not been cured. The Credit Facility Provider will not, however, be deemed to be the Holder of any Bond for the purpose of giving any consent or direction or making any request pursuant to the Resolution if an Event of Default specified in the Resolution has occurred with respect to such Bond.

If the principal, interest or redemption price of any Bond has been paid with funds drawn on a Credit Facility, the Credit Facility Provider will be subrogated, to the extent of such payment, to the rights of the Bondholder that received such payment.

“Insurer Default” means the occurrence of any one or more of the following events:

- (i) the Insurer has failed, wholly or partially, to make a payment of principal or interest as required under the financial guaranty insurance policy and such failure has not been cured;
- (ii) the occurrence of any of the following events:
 - (A) the issuance of an order of rehabilitation, liquidation, supervision or dissolution of the Insurer;
 - (B) the commencement by the Insurer of a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency, insurance or other similar law;

(C) the commencement against the Insurer of an involuntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency, insurance or other similar law, if such case or proceeding continues undismissed or unstayed and in effect for a period of 60 days or if the Insurer consents to any such relief against it;

(D) a receiver, supervisor or similar official is appointed in any involuntary case against the Insurer under any bankruptcy, insolvency, insurance or other similar law now or hereafter in effect; or

(E) the failure of the Insurer to generally pay its indebtedness as they become due;

(iii) the Insurer claims in writing that the financial guaranty insurance policy is not valid and binding on the Insurer, repudiates the obligations of the Insurer under the financial guaranty insurance policy, or initiates any legal proceedings to seek an adjudication that the financial guaranty insurance policy is not valid and binding on the Insurer; or

(iv) any governmental authority with jurisdiction to rule on the validity of the financial guaranty insurance policy determines that financial guaranty insurance policy is not valid and binding on the Insurer.

(Section 6.07)

Security for Deposits and Investment of Funds

Security for Deposits

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

(Section 7.01)

Investment of Funds and Accounts Held by the Trustee

(a) 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, Federal Agency Obligations, Exempt Obligations, and, if not inconsistent with the investment guidelines of an Insurer, a Credit Facility Provider or a Rating Service applicable to funds held under the Resolution, any other Permitted Investment; provided, however, 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; Unless otherwise provided in a Series Resolution, moneys derived from drawings under a Credit Facility shall be invested only in Government Obligations described in clause (i) of the definition of Government Obligations that mature within 30 days or when needed. Any Permitted Collateral, required to secure any Permitted Investment shall (i) have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (ii) be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (iii) be free and clear of claims of any other person.

(b) Permitted Investments 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 to, as the case may be, such fund or account.

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

(d) Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in the Resolution and summarized in this paragraph. 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 Institution 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 summarized in paragraphs (a) and (b) above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

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

(Section 7.02)

Particular Covenants

Payment of Principal and Interest

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

(Section 8.01)

Further Assurance

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

(Section 8.04)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Institution, the Insurers, the Trustee or of any Holder of Bond or his representative duly

authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Facility Provider and to the Institution. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the Authority's transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 8.05)

Creation of Liens

Except as permitted by the Resolution, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of a Series and the Credit Facility Providers on the proceeds from the sale of the Bonds, the Revenues, the Pledged Revenues 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 issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

(Section 8.06)

Enforcement of Duties and Obligations of the Institution

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

(Section 8.07)

Deposit of Certain Moneys in the Construction Fund

In addition to the proceeds of Bonds to be deposited in the Construction Fund, any moneys paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of any Project shall be deposited in the Construction Fund.

(Section 8.08)

Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds may be presented for payment. The Authority may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Resolution, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Authority shall at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

(Section 8.09)

Filings of Financing Statements

Except as otherwise provided in the Resolution, the Authority shall file in the appropriate offices all financing statements which are necessary to perfect the security interests granted to the Authority under the Loan Agreement and to the Trustee under the Resolution.

(Section 8.10)

Amendment of Loan Agreement

(a) The Loan Agreement may, without the consent of the Holders of Bonds, be amended, changed, modified or supplemented for any one or more purposes:

(i) to add an additional covenant or agreement for the purpose of further securing the payment of the Institution's obligations under the Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the Institution contained in the Loan Agreement;

(ii) to prescribe further limitations and restrictions upon the Institution's right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(iii) to surrender any right, power or privilege reserved to or conferred upon the Institution, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Institution contained in the Loan Agreement; **provided, however**, that if the same would adversely affect the rights of an Insurer or a Facility Provider, no amendment, change, modification, termination or waiver shall become effective until consented to in writing by the Insurer and the Facility Provider affected thereby;

(iv) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any Project, to amend the description of any Project or to add an additional Project to Schedule C of the Loan Agreement;

(v) to amend Schedule A or Schedule B of the Loan Agreement to establish, amend or modify the Authority Fee or the Annual Administrative Fee payable by the Institution in connection with the Bonds of a Series; or

(vi) with the prior written consent of the Trustee and the Insurers of a majority in principal amount of Outstanding Bonds, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement or to amend, modify or waive any other provision of the Loan Agreement provided that the same does not adversely affect the interests of the Bondholders in any material respect.

(b) Notwithstanding the provisions of the resolution summarized in the preceding paragraph (a), the Loan Agreement may not be amended, changed, modified or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds as provided in the Resolution, if such amendment, change, modification, termination or waiver (i) reduces the amount payable by the Institution under the Loan Agreement on any date or delays the date on which payment is to be made, (ii) modifies the events which constitute Events of Default under Section 31 of the Loan Agreement summarized in Appendix C under the heading "**Defaults and Remedies**," (iii) diminishes, limits or conditions the rights or remedies of the Authority under the Loan Agreement upon the occurrence of an Event of Default thereunder, or (iv) adversely affects the rights of the Bondholders, an Insurer or a Credit Facility Provider in any material respect.

(c) No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in 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 amendment, change, modification, termination or waiver, the Holders of not less than a majority in principal amount of the Bonds of the Series so affected and then Outstanding; provided, however, that if such amendment, change, modification, termination or waiver will, by its terms, not take effect so long as

any Bonds of any specified 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 provisions of the Resolution summarized herein.

(d) No amendment, change, modification or termination of the Loan Agreement, or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel to the effect that the same is not inconsistent with the Resolution and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee and a copy thereof shall be sent to each Insurer.

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

(f) For the purposes of provisions of the Resolution summarized herein, 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 Institution, the Authority and all Holders of Bonds.

(g) For all purposes of the provisions of the Resolution summarized herein, the Trustee shall be entitled to rely upon an opinion of counsel, which shall be satisfactory to the Trustee, with respect to whether any amendment, change, modification or alteration adversely affects the interest of any Holders of the Bonds then Outstanding in any material respect.

(Section 8.11)

Notice as to Event of Default under Loan Agreement

The Authority shall notify each Insurer, each Credit Facility Provider and the Trustee in writing that an Event of Default under the Loan Agreement, as such term is defined in the Loan Agreement, has occurred and is continuing, which notice shall be given as soon as practicable after the Authority has obtained actual knowledge thereof.

(Section 8.12)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

Notwithstanding any other provisions of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series 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 provide for additional security for the payment of the Bonds of a Series, including, but not limited to, provisions to allow a Credit Facility Provider to confirm its obligations under an existing Credit Facility;

(d) 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;

(e) 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;

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

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

(h) To provide rights and privileges of an Insurer in addition to those set forth in the Resolution that do not materially and adversely affect Holders of Bonds or other Insurers; or

(i) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 10.01)

Supplemental Resolutions Effective With Consent

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

(Section 10.02)

General Provisions Relating to Supplemental Resolutions

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

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

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

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent or of a Facility Provider shall become effective without the written consent of the Trustee, Paying Agent or Facility Provider affected thereby.

Each Insurer shall be provided with complete transcript of all proceedings relating to the adoption of a Supplemental Resolution.

(Section 10.03)

Amendments of Resolution

Powers of Amendment

Any modification or amendment of the Resolution and of the right and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the 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, maturity and tenor 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 Insurer and the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment 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 the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 11.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) if there is no financial guaranty insurance policy in effect, or if an Insurer Default has occurred and not been cured, the written consent of each Credit Facility Provider for any Series affected by the Supplemental Resolution; (b) the written consent of the Holders of the percentages of Outstanding Bonds specified in the Resolution as summarized in the preceding paragraph and (c) 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 as summarized below.

Each such consent of a Bondholder 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 proof that the consents have been given by the Insurer, the Credit Facility Provider or the Holders of the Bonds described in the certificate or certificates of the Trustee.

Any consent given by the Holder of a Bond shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Insurer or Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent upon any subsequent Holder of such Bond by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Resolution, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, each Insurer and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however**, that the Authority, 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.

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

(Section 11.02)

Modifications by Unanimous Consent

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

(Section 11.03)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under each Series Resolution (referred to in the Resolution as an “event of default”) if,

(a) Payment of the principal, Sinking Fund Installments, Purchase Price or Redemption Price of any Bond shall not be made by the Authority 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 by the Authority when the same shall become due and payable; or

(c) With respect to the Bonds of any Series, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such 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 per centum (25%) in principal amount of the Outstanding Bonds, or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and diligently prosecute the cure thereof, or

(e) The Authority shall have notified the Trustee that an Event of Default under the Loan Agreement, arising out of or resulting from the failure of the Institution to comply with the

requirements of the Loan Agreement shall have occurred and is continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 12.02)

Acceleration of Maturity

Upon the happening and continuance of any Event of Default specified in the Resolution, other than an Event of Default specified in the Resolution as summarized in paragraph (c) under the heading “**Events of Default**” above, then and in every such case the Trustee upon the written request the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall, by notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be due and payable; **provided, however**, that, the Trustee shall not give notice that the principal of and interest on the Outstanding Bonds is declared to be due and payable unless each Insurer, who is deemed to be the Holder of the Bonds insured by it pursuant to the Resolution, not then in default in its payment obligations under its financial guaranty insurance policy shall consent in writing to declaration. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or the Bonds to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) 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 or in any Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration and acceleration under the Resolution) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 12.03)

Enforcement of Remedies

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

In the enforcement of any remedy under the Resolution and under each Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of any Series Resolution or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under any Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Authority but solely as provided in the Resolution, in any Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

(Section 12.04)

Limitation of Rights of Individual Bondholders

Neither the Holder of any of the Bonds nor the Insurer 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 or Insurer 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 specified in the Resolution as summarized in paragraph (c) under the heading “**Events 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 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 Insurers or 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 in the Resolution provided, 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 12.08)

Defeasance

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal 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 Reserve Fund Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Reserve Fund Provider Payments then unpaid to each such Reserve Fund 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 Institution. Such 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.

(b) Bonds for the payment or redemption of which moneys (which in the case of Bonds for which a Credit Facility is in effect, must be Available 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 Resolution. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph (a) if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys (which in the case of Bonds for which a Credit Facility is in effect, must be Available Moneys) in an amount which shall be sufficient, or Defeasance Securities (which in the case of Bonds for which a Credit Facility is in effect, must be acquired with Available Moneys) the principal of and interest on which when due will, as verified by the report of a firm of independent certified public accountants, provide moneys which, together with the moneys (which in the case of Bonds for which a Credit Facility is in effect, must be Available 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 said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, if any, 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 clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which 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 said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select the Bonds of like Series, Sub-Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any 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 said Bonds on and prior to such redemption date or maturity date thereof, as the case may be. 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 Reserve Fund Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Reserve Fund 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 Institution, 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.

(c) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior or 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 provisions of the resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), 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 the provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b) the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Reserve Fund Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Reserve Fund 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 Institution, 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.

(d) Option Bonds shall be deemed to have been paid in accordance with the provisions of the Resolution summarized in clause (ii) of the second sentence of the paragraph (b) of this section only if, in addition or satisfying the requirements of clauses (i) and (ii) of such sentence, 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 premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the provisions of the Resolution summarized in the preceding paragraph (b), the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of the provisions summarized in this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Reserve Fund Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Reserve Fund Facility Provider; third, to each Reserve Fund Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Reserve Fund Facility Provider; fourth, 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 Institution, 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.

(e) Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent 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 or Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, or one (1) year after the date when the principal or Redemption Price of or

interest on the Bonds for which said moneys is held was due and payable, shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent 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.

(f) No principal or Sinking Fund Installment of or installment of interest on a Bond shall be considered to have been paid, and the obligation of the Authority for the payment thereof shall continue, notwithstanding that an Insurer pursuant to the financial guaranty insurance policy issued with respect to such Bond has paid the principal or Sinking Fund Installment thereof or the installment of interest thereon.

(Section 13.01)

Insurer as Bondholder

Whenever by the terms of the Resolution the Holders of any percentage in principal amount of Outstanding Bonds may exercise any right or power, consent to an amendment, modification or waiver, or request or direct Trustee to take any action, the Insurer of a Bond shall be deemed to be the Holder of such Bond, except that if an Event of Default specified pursuant to the terms of the Resolution summarized in paragraph (c) under the heading “**Events of Default**” above has occurred with respect to such Bond, the Insurer shall not be deemed the Holder thereof for the purpose of giving any consent or direction or making any request pursuant to Article XI of the Resolution.

(Section 15.01)

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**APPROVING OPINIONS
OF BOND COUNSEL**

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**APPROVING OPINION OF BOND COUNSEL
DELIVERED IN CONNECTION WITH ISSUANCE OF THE SERIES 2004C BONDS**

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(34)

February 11, 2004

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

Ladies and Gentlemen:

We have examined the record of proceedings relating to the \$43,205,000 aggregate principal amount of The Culinary Institute of America Insured Revenue Bonds, Series 2004A, Series 2004B, and Series 2004C (collectively, the "Series 2004 Bonds") 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 Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth. Capitalized terms used herein without other definition have the meanings set forth in the Resolution (hereinafter defined.)

The Series 2004 Bonds are issued under and pursuant to the Act, the Authority's The Culinary Institute of America Insured Revenue Bond Resolution adopted December 3, 2003 (the "Resolution"), and the Authority's The Culinary Institute of America Series 2004A Resolution Authorizing Up To \$45,000,000 Series 2004A Bonds adopted December 3, 2003, the Series 2004B Resolution Authorizing Up To \$45,000,000 Series 2004B Bonds adopted December 3, 2003, and the Series 2004C Resolution Authorizing Up To \$45,000,000 Series 2004C Bonds (collectively, the "Series 2004 Resolutions"). The Resolution and the Series 2004 Resolutions are herein collectively called the "Resolutions". The Series 2004 Bonds are being issued for the purposes set forth in the Resolutions.

The Series 2004A Bonds are dated the date hereof, mature on July 1 in each of the years, and bear interest, payable July 1, 2004 and semi-annually thereafter on January 1 and July 1, at the respective rates per annum, set forth below:

<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>
2004	\$305,000	2.000%	2013	\$ 335,000	3.500%
2005	275,000	2.000	2014	345,000	3.500
2006	280,000	2.000	2015	355,000	3.625
2007	285,000	2.000	2016	370,000	3.750
2008	290,000	2.500	2017	385,000	4.000
2009	300,000	2.500	2018	400,000	4.000
2010	305,000	3.000	2023	2,275,000	4.375
2011	315,000	3.000	2027	2,615,000	4.500
2012	325,000	3.125			

The Series 2004B Bonds are dated the date hereof, mature on July 1 in each of the years, and bear interest, payable July 1, 2004 and semi-annually thereafter on January 1 and July 1, at the respective rates per annum, set forth below:

<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>
2005	\$690,000	2.500%	2011	\$810,000	3.125%
2006	705,000	3.000	2012	835,000	4.000
2007	730,000	2.500	2013	865,000	3.500
2008	745,000	2.250	2014	900,000	3.750
2009	760,000	3.000	2015	930,000	3.750
2010	785,000	3.000	2016	965,000	4.000

The Series 2004C Bonds are dated the date hereof, mature on July 1, 2033, and are issued as Variable Interest Rate Bonds in Auction Rate Mode, convertible to Weekly Rate Mode or to Fixed Rate Mode. Initially the Series 2004C Bonds will bear interest from the date hereof to but excluding the date of February 24, 2004 at the applicable rate for that series established by the Underwriter for the Series 2004C Bonds prior to the date hereof. Thereafter, the Series 2004C Bonds will bear interest at the Auction Rate until a Conversion Date, as described therein.

The Series 2004A Bonds and Series 2004B Bonds are issuable in fully registered form in the denomination of \$5,000 each and integral multiples thereof. The Series 2004C Bonds are issuable as Variable Interest Rate Bonds in fully registered form in a minimum denomination of \$25,000 and any integral multiple of \$5,000 in excess thereof. The Series 2004A Bonds are lettered AR- followed by the number of the Series 2004A Bond, the Series 2004B Bonds are lettered BR- followed by the number of the Series 2004B Bond. The Series 2004C Bonds are lettered CR- followed by the number of the Series 2004C Bond. The Bonds of each Series are

numbered consecutively from one upward in order of issuance. The Series 2004A Bonds, the Series 2004B Bonds, and the Series 2004C Bonds are subject to redemption prior to maturity as set forth in the Resolutions and in their respective Bond Series Certificates executed on behalf of the Authority in connection with each Series.

The Authority has entered into a Loan Agreement with The Culinary Institute of America (the "Institution"), dated as of December 3, 2003 (the "Loan Agreement"), providing, among other things, for loans to the Institution for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Series 2004 Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Series 2004 Bonds.

Based upon the foregoing, 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 Bonds thereunder.

2. The Resolution has been duly and lawfully adopted by the Authority. The Series Resolutions have each been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and are authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien upon the Revenues which they purport to create, subject only to the provisions of the Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

3. The 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 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms pursuant to the respective terms of the Resolutions, and are entitled 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. The Loan Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Loan Agreement by the Institution, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. Under existing laws, regulations, administrative interpretations and court decisions:
- (a) interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code;
 - (b) interest on the Bonds will not be treated as a specific item of tax preference for purposes of the alternative minimum tax provisions of the Code; provided, however, that the interest with respect to any Bond owned by certain corporations will be included in such corporation's "adjusted current earnings" a portion of which will be taken into account in determining the alternative minimum tax liability, if any, of such corporation; and
 - (c) interest on the Bonds is exempt from State of New York, The City of New York and the City of Yonkers personal income taxes.

We are further of the opinion that the difference between the principal amount of the Series 2004A Bonds maturing on July 1, 2011, July 1, 2012 and July 1, 2014 through July 1, 2027, inclusive; and the Series 2004B Bonds maturing on July 1, 2008, July 1, 2010, July 1, 2011, and July 1, 2013 through July 1, 2016, inclusive (the "Discount Bonds"), which were sold at less than the stated principal amount thereof to initial purchasers in the initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Series 2004 Bonds of the same maturity were sold constitutes original issue discount ("OID") which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2004 Bonds. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Discount Bond and the basis of such Discount Bond acquired at such initial offering price by an initial purchaser of each Discount Bond will be increased by the amount of such accrued discount.

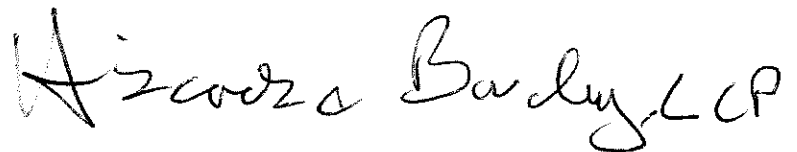
We are further of the opinion that the Series 2004A Bonds maturing July 1, 2004 through July 1, 2008, inclusive, July 1, 2010 and July 1, 2013; and the Series 2004B Bonds maturing on July 1, 2005 through July 1, 2007, inclusive, July 1, 2009 and July 1, 2012, which were sold to the public at greater than the stated principal amount thereof (the "Premium Bonds"), will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium, and, under certain circumstances, the initial owner of a Premium Bond may realize taxable gain upon disposition of Premium Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest which an owner of Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

In rendering the opinions set forth in paragraph 5, we have assumed the accuracy of certain factual certifications of, and continuing compliance with the provisions and procedures set forth in the Resolutions and the Loan Agreement by, the Authority and the Institution. In the event of the inaccuracy or incompleteness of any of the certifications made by the Authority or the Institution, or of the failure by the Authority or the Institution to comply with the provisions and procedures set forth in the Resolutions and the Loan Agreement, the interest could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs. Further, although the interest is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

We have examined a fully executed Series 2004A Bond, a fully executed Series 2004B Bond, and a fully executed Series 2004C Bond and, in our opinion, the forms of said Bonds and their 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 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

A handwritten signature in cursive script that reads "W. Woods & Barclay, LLP". The signature is written in dark ink and is positioned to the right of the typed name.

APPENDIX D-2

APPROVING OPINION OF BOND COUNSEL
DELIVERED IN CONNECTION WITH ISSUANCE OF THE SERIES 2004D BONDS

50 BEAVER STREET
ALBANY / NEW YORK 12207-2830
T 518.434.2163 / F 518.434.2621

REACHUS@HISCOCKBARCLAY.COM

(31)

July 22, 2004

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

Ladies and Gentlemen:

We have examined the record of proceedings relating to the \$19,000,000 aggregate principal amount of The Culinary Institute of America Insured Revenue Bonds, Series 2004D (the "Series 2004D Bonds") 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 Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth. Capitalized terms used herein without other definition have the meanings set forth in the Resolution (hereinafter defined.)

The Series 2004D Bonds are issued under and pursuant to the Act, the Authority's The Culinary Institute of America Insured Revenue Bond Resolution adopted December 3, 2003 (the "Resolution"), and the Authority's The Culinary Institute of America Series 2004D Resolution Authorizing Up To \$19,000,000 Bonds adopted June 23, 2004 (the "Series 2004D Resolution"). The Resolution and the Series 2004D Resolution are herein collectively called the "Resolutions". The Series 2004D Bonds are being issued for the purposes set forth in the Resolutions.

The Series 2004D Bonds are dated the date hereof, mature on July 1, 2034, and are issued as Variable Interest Rate Bonds in Auction Rate Mode, convertible to Weekly Rate Mode or to Fixed Rate Mode. Initially the Series 2004D Bonds will bear interest from the date hereof to but excluding July 27, 2004 at the applicable rate for that series established by the Underwriter for the Series 2004D Bonds prior to the date hereof. Thereafter, the Series 2004D Bonds will bear interest at the Auction Rate until a Conversion Date, as described therein.

The Series 2004D Bonds are issuable as Variable Interest Rate Bonds in fully registered form in a minimum denomination of \$25,000 and any integral multiple of \$5,000 in excess thereof. The Series 2004D Bonds are lettered DR- followed by the number of the Bond. The Series 2004D

Bonds of each Series are numbered consecutively from one upward in order of issuance. The Series 2004D Bonds are subject to redemption prior to maturity as set forth in the Resolution.

The Authority has entered into a Loan Agreement with The Culinary Institute of America (the "Institution"), dated as of December 3, 2003 (as amended by the First Amendment to Loan Agreement the "Loan Agreement") providing, among other things, for loans to the Institution for the purposes permitted thereby and by the Resolution. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Series 2004D Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Series 2004D Bonds.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York with the right and lawful authority and power to adopt the Resolution and to issue the Series 2004D Bonds thereunder.

2. The Resolution has been duly and lawfully adopted by the Authority. The Series 2004D Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien upon the Revenues which they purport to create, subject only to the provisions of the Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2004D 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 2004D Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms pursuant to the Resolutions and are entitled 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. The Loan Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Loan Agreement by the Institution, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. Under existing laws, regulations, administrative interpretations and court decisions:

(a) interest on the Series 2004D Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code;

(b) interest on the Series 2004D Bonds will not be treated as a specific item of tax preference for purposes of the alternative minimum tax provisions of the Code; provided, however, that the interest with respect to any Bond owned by certain corporations will be included in such corporation's "adjusted current earnings" a portion of which will be taken into account in determining the alternative minimum tax liability, if any, of such corporation; and

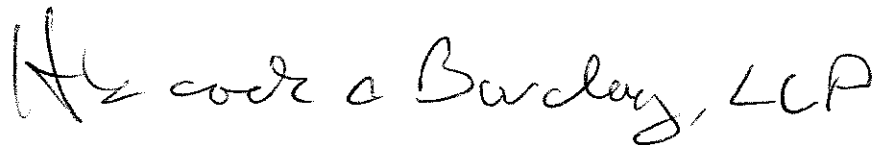
(c) interest on the Series 2004D Bonds is exempt from State of New York, The City of New York and the City of Yonkers personal income taxes.

In rendering the opinions set forth in paragraph 5, we have assumed the accuracy of certain factual certifications of, and continuing compliance with the provisions and procedures set forth in the Resolutions and the Loan Agreement by, the Authority and the Institution. In the event of the inaccuracy or incompleteness of any of the certifications made by the Authority or the Institution, or of the failure by the Authority or the Institution to comply with the provisions and procedures set forth in the Resolution and the Loan Agreement, the interest could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Series 2004D Bonds, regardless of the date on which the event causing such inclusion occurs. Further, although the interest is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2004D Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Series 2004D Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

We have examined a fully executed Series 2004D Bond and, in our opinion, the forms of said Bonds and their 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 2004D Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

A handwritten signature in black ink that reads "Howard A. Barclay, LCP". The signature is written in a cursive style with a large initial "H".

**APPROVING OPINION OF BOND COUNSEL
DELIVERED IN CONNECTION WITH ISSUANCE OF THE SERIES 2006 BONDS**

50 BEAVER STREET
ALBANY / NEW YORK 12207-2830
T 518.434.2163 / F 518.434.2621

REACHUS@HISCOCKBARCLAY.COM

August 31, 2006

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

Ladies and Gentlemen:

We have examined the record of proceedings relating to the \$15,125,000 aggregate principal amount of The Culinary Institute of America Insured Revenue Bonds, Series 2006 (the "Series 2006 Bonds") 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 Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth. Capitalized terms used herein without other definition have the meanings set forth in the Resolutions (hereinafter defined).

The Series 2006 Bonds are issued under and pursuant to the Act, the Authority's The Culinary Institute of America Insured Revenue Bond Resolution adopted December 3, 2003 (the "Resolution"), and the Authority's The Culinary Institute of America Series 2006 Resolution Authorizing Up To \$16,000,000 Bonds adopted July 26, 2006 (the "Series 2006 Resolution"). The Resolution and the Series 2006 Resolution are herein collectively called the "Resolutions". The Series 2006 Bonds are being issued for the purposes set forth in the Resolutions.

The Authority has entered into a Loan Agreement with The Culinary Institute of America (the "Institution"), dated as of December 3, 2003, as amended (the "Loan Agreement") providing, among other things, for loans to the Institution for the purposes permitted thereby and by the Resolution. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Series 2006 Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Series 2006 Bonds.

Based upon the foregoing, 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 2006 Bonds thereunder.

2. The Resolution has been duly and lawfully adopted by the Authority. The Series 2006 Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien upon the Revenues which they purport to create, subject only to the provisions of the Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2006 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 2006 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms pursuant to the Resolutions and are entitled 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. The Loan Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Loan Agreement by the Institution, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. Under existing laws, regulations, administrative interpretations and court decisions:

(a) interest on the Series 2006 Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code;

(b) interest on the Series 2006 Bonds will not be treated as a specific item of tax preference for purposes of the alternative minimum tax provisions of the Code; provided, however, that the interest with respect to any Series 2006 Bond owned by certain corporations will be included in such corporation's "adjusted current earnings" a portion of which will be taken into account in determining the alternative minimum tax liability, if any, of such corporation; and

(c) interest on the Series 2006 Bonds is exempt from State of New York, The City of New York and the City of Yonkers personal income taxes.

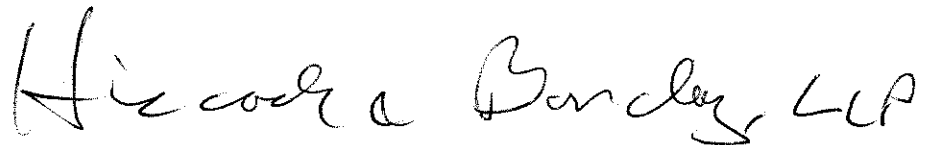
In rendering the opinions set forth in paragraph 5, we have assumed the accuracy of certain factual certifications of, and continuing compliance with the provisions and procedures set forth in the Resolutions and the Loan Agreement by, the Authority and the Institution. In the event of the inaccuracy or incompleteness of any of the certifications made by the Authority or the Institution,

or of the failure by the Authority or the Institution to comply with the provisions and procedures set forth in the Resolutions and the Loan Agreement, the interest could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Series 2006 Bonds, regardless of the date on which the event causing such inclusion occurs. Further, although the interest is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2006 Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Series 2006 Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

We have examined a fully executed Series 2006 Bond and, in our opinion, the forms of said Bonds and their 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 2006 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

A handwritten signature in cursive script that reads "Hicock & Bondy, LLP". The signature is written in dark ink and is positioned below the typed name.

APPENDIX D-4

FORM OF OPINION OF BOND COUNSEL TO BE DELIVERED ON THE SERIES 2004C AND SERIES 2004D CONVERSION DATE

May 27, 2008

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

Ladies and Gentlemen:

We have acted as bond counsel for the Dormitory Authority of the State of New York (the "Authority") in connection with proceedings relating to the conversion of the interest rate mode applicable to (i) \$23,725,000 in outstanding principal amount of The Culinary Institute of America Insured Revenue Bonds, Series 2004C (the "Series 2004C Bonds") issued by the Authority and (ii) \$18,225,000 in outstanding principal amount of The Culinary Institute of America Insured Revenue Bonds, Series 2004D (the "Series 2004D Bonds") issued by the Authority.

The Series 2004C Bonds were issued under Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"), the Authority's The Culinary Institute of America Insured Revenue Bond Resolution adopted December 3, 2003 (the "Bond Resolution") and The Culinary Institute of America Series 2004C Resolution Authorizing Up To \$45,000,000 Insured Revenue Bonds, Series 2004C adopted December 3, 2003 (the "Series 2004C Resolution").

The Series 2004D Bonds were issued under the Act, the Bond Resolution and the Authority's The Culinary Institute of America Series 2004D Resolution Authorizing Up To \$19,000,000 Insured Revenue Bonds, Series 2004D adopted June 23, 2004 (the "Series 2004D Resolution").

The Series 2004C Bonds and the Series 2004D Bonds are referred to in this letter collectively as the "Bonds". The Bond Resolution, the Series 2004C Resolution and the Series 2004D Resolution are referred to in this letter collectively as the "Resolutions." The Bonds were issued for the purposes set forth in the Resolutions.

The Authority has entered into a Loan Agreement with The Culinary Institute of America (the "Institution"), dated as of December 3, 2003, as amended by (1) the First Amendment to Loan Agreement dated as of June 23, 2004 and (2) the Second Amendment to Loan Agreement dated as of July 26, 2006 (as amended, the "Loan Agreement"), providing, among other things, for loans to the Institution for the purposes permitted thereby and by the Resolutions. Under the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Bonds.

Specific terms of the Series 2004C Bonds were set forth in the Bond Series Certificate of the Authority dated as of January 15, 2004 (the "Series 2004C Bond Series Certificate"), which is being amended and restated this date in connection with the conversion of interest rate mode applicable to the

Series 2004C Bonds. The Series 2004C Bond Series Certificate, as so amended and restated, is referred to in this letter as the “Amended and Restated Series 2004C Bond Series Certificate”. Specific terms of the Series 2004D Bonds were set forth in the Bond Series Certificate of the Authority dated as of July 22, 2004 (the “Series 2004D Bond Series Certificate”), which is being amended and restated this date in connection with the conversion of interest rate mode applicable to the Series 2004D Bonds. The Series 2004D Bond Series Certificate, as so amended and restated, is referred to in this letter as the “Amended and Restated Series 2004D Bond Series Certificate”. The Amended and Restated Series 2004C Bond Series Certificate and the Amended and Restated Series 2004D Bond Series Certificate are referred to collectively in this letter as the “Amended and Restated Bond Series Certificates”.

Capitalized terms used in this letter without other definition have the meanings set forth in the Resolutions and the Amended and Restated Series Bond Series Certificates.

In accordance with Section 3.03(f) of each the Amended and Restated Bond Series Certificates, the Bonds will be converted on the date hereof from Auction Rate Mode to Weekly Rate Mode. This opinion is being delivered in connection with the conversion as required by Section 3.03(f)(ii) of each of the Amended and Restated Bond Series Certificates.

In anticipation of the conversion of the Bonds, the Authority adopted on March 26, 2008 (1) a Supplemental Resolution (the “Supplemental Bond Resolution”) authorizing the amendment and restatement of the Bond Resolution in the form attached to the Supplemental Bond Resolution (the “Amended and Restated Bond Resolution”), (2) a Supplemental Series 2004C Resolution (the “Supplemental Series 2004C Resolution”) authorizing, among other things, (a) the amendment and restatement of the Series 2004C Resolution in the form attached to the Supplemental Series 2004C Resolution (the “Amended and Restated Series 2004C Resolution”) and (b) the execution and delivery of the Amended and Restated Series 2004C Bond Series Certificate and (3) a Supplemental Series 2004D Resolution (the “Supplemental Series 2004D Resolution”) authorizing, among other things, (a) the amendment and restatement of the Series 2004D Resolution in the form attached to the Supplemental Series 2004D Resolution (the “Amended and Restated Series 2004D Resolution”) and (b) the execution and delivery of the Amended and Restated Series 2004D Bond Series Certificate.

The amendment and restatement of the Bond Resolution, the Series 2004C Resolution and the Series 2004C Bond Series Certificate alter certain terms of the Series 2004C Bonds, effective as of the date hereof. The amendment and restatement of the Bond Resolution, the Series 2004D Resolution and the Series 2004D Bond Series Certificate alter certain terms of the Series 2004D Bonds, effective as of the date hereof. The Amended and Restated Bond Resolution, the Amended and Restated Series 2004C Resolution and the Amended and Restated Series 2004D Resolution are referred to in this letter collectively as the “Amended and Restated Resolutions.”

In rendering the opinions set forth in this letter, we have (a) examined, as submitted to us, (i) the Resolutions, (ii) the Amended and Restated Resolutions, (iii) the Series 2004C Bond Series Certificate, (iv) the Series 2004D Bond Series Certificate, (v) the Amended and Restated Series 2004C Bond Series Certificate and (vi) the Amended and Restated Series 2004D Bond Series Certificate (items (i) through (vi) being collectively the “Reviewed Documents”), (b) reviewed such published sources of law as we have deemed necessary, and (c) relied on the covenants and agreements of the Authority and the Institution set forth in the Reviewed Documents. In addition to the foregoing, we have examined and relied upon such other agreements, documents and opinions, including certificates and representations of public officials, officers and representatives of the Authority, the Institution and the Trustee and various other parties participating in this transaction, including opinions rendered by counsel to the Institution and the Bank, as we have deemed relevant and necessary in connection with the opinions set forth below.

We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in the agreements, documents, certificates, and representations related to the original issuance of the Bonds or in any of the other referenced agreements, certificates or other documents. In rendering the opinions set forth below, we have relied solely on the facts, estimates and circumstance described and set forth in the referenced documents or in the preceding paragraphs.

In our examination, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of New York and the federal income tax laws of the United States of America.

Based upon the foregoing, 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 Amended and Restated Resolutions and to effect the conversion of the Bonds from Auction Rate Mode to Weekly Rate Mode.

2. The Supplemental Bond Resolution, the Supplemental Series 2004C Resolution and the Supplemental Series 2004D Resolution have been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolutions, are authorized or permitted by the Resolutions, and are valid and binding upon the Authority and enforceable in accordance with their terms.

3. The Amended and Restated Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms. The Amended and Restated Resolutions create the valid pledge and the valid lien upon the Revenues which they purport to create, subject only to the provisions of the Amended and Restated Bond Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Amended and Restated Bond Resolution.

4. The conversion of the Bonds from Auction Rate Mode to Weekly Rate Mode has been duly and validly authorized in accordance with the Resolutions.

5. The conversion of the interest rate on the Bonds from Auction Rate Mode to Weekly Rate Mode as of the date hereof and the simultaneous changes to certain other terms of the Bonds, as set forth in the Amended and Restated Resolutions, the Amended and Restated Series 2004C Bond Series Certificate and the Amended and Restated Series 2004D Bond Series Certificate, will not, in and of themselves (individually or collectively), affect the exclusion from income for federal income tax purposes of the interest on the Bonds to which the interest on the Bonds would otherwise be entitled.

The opinions contained in paragraphs 2 and 3 above are qualified to the extent that the enforceability of the Supplemental Bond Resolution, the Supplemental Series 2004C Resolution, the Supplemental Series 2004D Resolution and the Amended and Restated Resolutions may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

The opinions expressed herein are supplemental to, and are subject to all qualifications, assumptions, reliances and limitations contained in our original bond counsel opinion, dated February 11, 2004, pertaining to the Series 2004C Bonds and our original bond counsel opinion, dated July 22, 2004, pertaining to the Series 2004D Bonds. We have not undertaken any investigation or reexamination of the facts and circumstances necessary to the rendering of such bond counsel opinion and thus the opinion

expressed herein is intended solely as a supplement to that bond counsel opinion and shall not be viewed as a reaffirmation of such opinion. Further, no opinion is expressed hereby as to the original, current or continuing exclusions from gross income of interest on the Bonds, except as the same may be affected by the conversion of the interest rate on the Bonds. The only opinions rendered hereby are those expressly stated as such herein, and no other opinion shall be implied or inferred as a result of anything contained or omitted herein.

The opinions set forth herein are predicated upon present law and interpretations thereof. We assume no affirmative obligations with respect to any change of circumstances, laws or interpretations thereof after the date hereof that may adversely affect the opinions contained herein or the exclusions from gross income of interest on the Bonds for federal income tax purposes.

Very truly yours,

APPENDIX D-5

FORM OF OPINION OF BOND COUNSEL TO BE DELIVERED ON THE SERIES 2006 CONVERSION DATE

May 29, 2008

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

Ladies and Gentlemen:

We have acted as bond counsel for the Dormitory Authority of the State of New York (the "Authority") in connection with proceedings relating to the conversion of the interest rate mode applicable to \$14,875,000 in outstanding principal amount of The Culinary Institute of America Insured Revenue Bonds, Series 2006 (the "Series 2006 Bonds") issued by the Authority.

The Series 2006 Bonds were issued under Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"), the Authority's The Culinary Institute of America Insured Revenue Bond Resolution adopted December 3, 2003 (the "Bond Resolution") and the Authority's The Culinary Institute of America Series 2006 Resolution Authorizing Up To \$16,000,000 Insured Revenue Bonds, Series 2006 adopted July 26, 2006 (the "Series 2006 Resolution"). The Bond Resolution and the Series 2006 Resolution are referred to in this letter collectively as the "Resolutions." The Series 2006 Bonds were issued for the purposes set forth in the Resolutions.

The Authority has entered into a Loan Agreement with The Culinary Institute of America (the "Institution"), dated as of December 3, 2003, as amended by (1) the First Amendment to Loan Agreement dated as of June 23, 2004 and (2) the Second Amendment to Loan Agreement dated as of July 26, 2006 (as amended, the "Loan Agreement"), providing, among other things, for loans to the Institution for the purposes permitted thereby and by the Resolutions. Under the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Series 2006 Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Series 2006 Bonds.

Specific terms of the Series 2006 Bonds were set forth in the Bond Series Certificate of the Authority dated as of August 30, 2006 (the "Bond Series Certificate"), which is being amended and restated this date in connection with the conversion of interest rate mode applicable to the Series 2006 Bonds. The Bond Series Certificate, as so amended and restated, is referred to in this letter as the "Amended and Restated Series 2006 Bond Series Certificate".

Capitalized terms used in this letter without other definition have the meanings set forth in the Resolutions and the Amended and Restated Series 2006 Bond Series Certificate.

In accordance with Section 3.03(f) of the Amended and Restated Series 2006 Bond Series Certificate, the Series 2006 Bonds will be converted on the date hereof from Auction Rate Mode to Weekly Rate Mode. This opinion is being delivered in connection with the conversion as required by Section 3.03(f)(ii) of the Amended and Restated Series 2006 Bond Series Certificate.

In anticipation of the conversion of the Series 2006 Bonds, the Authority adopted on March 26, 2008 (1) a Supplemental Resolution (the “Supplemental Bond Resolution”) authorizing the amendment and restatement of the Bond Resolution in the form attached to the Supplemental Bond Resolution (the “Amended and Restated Bond Resolution”) and (2) a Supplemental Series 2006 Resolution (the “Supplemental Series 2006 Resolution”) authorizing, among other things, (a) the amendment and restatement of the Series 2006 Resolution in the form attached to the Supplemental Series 2006 Resolution (the “Amended and Restated Series 2006 Resolution”) and (b) the execution and delivery of the Amended and Restated Series 2006 Bond Series Certificate. The amendment and restatement of the Bond Resolution, the Series 2006 Resolution and the Series 2006 Bond Series Certificate alter certain terms of the Series 2006 Bonds, effective as of the date hereof. The Amended and Restated Bond Resolution and the Amended and Restated Series 2006 Resolution are referred to in this letter collectively as the “Amended and Restated Resolutions.”

In rendering the opinions set forth in this letter, we have (a) examined, as submitted to us, (i) the Resolutions, (ii) the Amended and Restated Resolutions, (iii) the Bond Series Certificate, and (iv) the Amended and Restated Bond Series Certificate (items (i) through (iv) being collectively the “Reviewed Documents”), (b) reviewed such published sources of law as we have deemed necessary, and (c) relied on the covenants and agreements of the Authority and the Institution set forth in the Reviewed Documents. In addition to the foregoing, we have examined and relied upon such other agreements, documents and opinions, including certificates and representations of public officials, officers and representatives of the Authority, the Institution and the Trustee and various other parties participating in this transaction, including opinions rendered by counsel to the Institution and the Bank, as we have deemed relevant and necessary in connection with the opinions set forth below.

We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in the agreements, documents, certificates, and representations related to the original issuance of the Series 2006 Bonds or in any of the other referenced agreements, certificates or other documents. In rendering the opinions set forth below, we have relied solely on the facts, estimates and circumstance described and set forth in the referenced documents or in the preceding paragraphs.

In our examination, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of New York and the federal income tax laws of the United States of America.

Based upon the foregoing, 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 Amended and Restated Resolutions and to effect the conversion of the Series 2006 Bonds from Auction Rate Mode to Weekly Rate Mode.

2. The Supplemental Bond Resolution and the Supplemental Series 2006 Resolution have been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolutions, are authorized or permitted by the Resolutions, and are valid and binding upon the Authority and enforceable in accordance with their terms.

3. The Amended and Restated Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms. The Amended and Restated Resolutions create the valid pledge and the valid lien upon the Revenues which they purport to

create, subject only to the provisions of the Amended and Restated Bond Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Amended and Restated Bond Resolution.

4. The conversion of the Series 2006 Bonds from Auction Rate Mode to Weekly Rate Mode has been duly and validly authorized in accordance with the Resolutions.

5. The conversion of the interest rate on the Series 2006 Bonds from Auction Rate Mode to Weekly Rate Mode as of the date hereof and the simultaneous changes to certain other terms of the Series 2006 Bonds, as set forth in the Amended and Restated Resolutions and the Amended and Restated Series 2006 Bond Series Certificate, will not, in and of themselves (individually or collectively), affect the exclusion from income for federal income tax purposes of the interest on the Series 2006 Bonds to which the interest on the Series 2006 Bonds would otherwise be entitled.

The opinions contained in paragraphs 2 and 3 above are qualified to the extent that the enforceability of the Supplemental Bond Resolution, the Supplemental Series 2006 Resolution and the Amended and Restated Resolutions may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

The opinions expressed herein are supplemental to, and are subject to all qualifications, assumptions, reliances and limitations contained in our original bond counsel opinion, dated August 31, 2006, pertaining to the Series 2006 Bonds. We have not undertaken any investigation or reexamination of the facts and circumstances necessary to the rendering of such bond counsel opinion and thus the opinion expressed herein is intended solely as a supplement to that bond counsel opinion and shall not be viewed as a reaffirmation of such opinion. Further, no opinion is expressed hereby as to the original, current or continuing exclusions from gross income of interest on the Series 2006 Bonds, except as the same may be affected by the conversion of the interest rate on the Series 2006 Bonds. The only opinions rendered hereby are those expressly stated as such herein, and no other opinion shall be implied or inferred as a result of anything contained or omitted herein.

The opinions set forth herein are predicated upon present law and interpretations thereof. We assume no affirmative obligations with respect to any change of circumstances, laws or interpretations thereof after the date hereof that may adversely affect the opinions contained herein or the exclusions from gross income of interest on the Series 2006 Bonds for federal income tax purposes.

Very truly yours,

**THE INSURER
AND
SPECIMEN FINANCIAL GUARANTY INSURANCE POLICIES
DELIVERED ON
ORIGINAL ISSUANCE OF THE REOFFERED BONDS**

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**THE INSURER AND SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY
DELIVERED ON ORIGINAL ISSUANCE OF THE REOFFERED BONDS**

The Insurer

The following information has been supplied by the Insurer for inclusion in this Reoffering Circular. No representation is made by Issuer/Underwriter as to the accuracy or completeness of the information.

The Insurer accepts no responsibility for the accuracy or completeness of this Reoffering Circular or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer and its affiliates set forth under this heading. In addition, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General

XL Capital Assurance Inc. (the “Insurer” or “XLCA”) is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The Insurer is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Singapore.

The Insurer is an indirect wholly owned subsidiary of Security Capital Assurance Ltd (“SCA”), a company organized under the laws of Bermuda. Through its subsidiaries, SCA provides credit enhancement and protection products to the public finance and structured finance markets throughout the United States and internationally. XL Capital Ltd currently beneficially owns approximately 46% of SCA’s outstanding shares.

The common shares of SCA are publicly traded in the United States and listed on the New York Stock Exchange (NYSE: SCA). **SCA is not obligated to pay the debts of or claims against the Insurer.**

Financial Strength and Financial Enhancement Ratings of XLCA

The Insurer’s insurance financial strength is rated “A3” (Under Review for Possible Downgrade) by Moody’s, “A-” (CreditWatch Negative) by Standard & Poor’s and “BB” (Rating Outlook Negative) by Fitch, Inc. (“Fitch”). In addition, the Insurer has obtained a financial enhancement rating of “A-” (CreditWatch Negative) from Standard & Poor’s. These ratings reflect Moody’s, Standard & Poor’s and Fitch’s current assessment of the Insurer’s creditworthiness and claims-paying ability as well as the reinsurance arrangement with XL Financial Assurance Ltd. (“XLFA”) described under “Reinsurance” below.

The above ratings are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody’s, Standard & Poor’s or Fitch. Any downward revision or withdrawal of these ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

Reinsurance

The Insurer has entered into a facultative quota share reinsurance agreement with XLFA, an insurance company organized under the laws of Bermuda, and an affiliate of the Insurer. Pursuant to this reinsurance agreement, the Insurer expects to cede up to 75% of its business to XLFA. The Insurer may also cede reinsurance to third parties on a transaction-specific basis, which cessions may be any or a combination of quota share, first loss or excess of loss. Such reinsurance is used by the Insurer as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit the Insurer’s obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 75% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Policies.

Based on the audited financial statements of XLFA, as of December 31, 2007, XLFA had total assets, liabilities, redeemable preferred shares and shareholders’ equity of \$2,944,864,000, \$2,544,138,000, \$39,000,000 and \$361,726,000, respectively, determined in accordance with generally accepted accounting principles in the United States (“US GAAP”). XLFA’s insurance financial strength is rated “A3” (Under Review for Possible Downgrade) by Moody’s, “A-” (CreditWatch Negative) by S&P and “BB” (Rating Outlook Negative) by Fitch. In addition, XLFA has obtained a financial enhancement rating of “A-” (CreditWatch Negative) from S&P.

The ratings of XLFA or any other member of the SCA group of companies are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch.

Notwithstanding the capital support provided to the Insurer described in this section, the Bondholders will have direct recourse against the Insurer only, and XLFA will not be directly liable to the Bondholders.

Capitalization of the Insurer

Based on the audited financial statements of XLCA, as of December 31, 2007, XLCA had total assets, liabilities, and shareholder's equity of \$3,086,490,000, \$3,056,924,000, and \$29,566,000, respectively, determined in accordance with U.S. GAAP.

Based on the unaudited statutory financial statements for XLCA as of December 31, 2007 filed with the State of New York Insurance Department, XLCA has total admitted assets of \$653,987,182, total liabilities of \$462,003,684, total capital and surplus of \$191,983,498 and total contingency reserves of \$41,793,468 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Based on the audited statutory financial statements for XLCA as of December 31, 2006 filed with the State of New York Insurance Department, XLCA has total admitted assets of \$429,072,978, total liabilities of \$222,060,220, total capital and surplus of \$207,012,758 and total contingency reserves of \$20,876,308 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Recent Developments, Risks and Uncertainties

The maintenance of triple-A ratings has been fundamental to XLCA's historical business plan and business activities. However, adverse developments in the credit markets generally and the mortgage market specifically in the second half of 2007, which accelerated in the fourth quarter, have resulted in material adverse effects on XLCA's business, results of operations, and financial condition. These effects include rating agency downgrades of, and significant provisions for losses and loss adjustment expenses associated with, certain of the residential mortgage backed securities ("RMBS") and collateralized debt obligations ("CDOs") of asset backed securities ("ABS CDOs") guaranteed by XLCA. This caused the capital requirements for maintaining XLCA's historic triple-A ratings of each of the three rating agencies to increase materially and, subsequently, all three rating agencies (Moody's, Fitch and S&P) took the negative rating actions, described below, which have caused XLCA to suspend writing substantially all new business resulting in the loss of new incremental earnings and cash flow. As discussed below, although there can be no assurance that XLCA will be able to recommence writing new business in the near term or at all, XLCA believes its liquidity resources are sufficient to fund its obligations and its statutory capital is sufficient to comply with its regulatory solvency and regulatory risks limit requirements for at least the next twelve months.

On March 26, 2008, Fitch downgraded the insurance financial strength ("IFS") ratings of XLCA, XL Capital Assurance (U.K.) Ltd ("XLCA-UK") and XLFA to "BB (Rating Outlook Negative)" from "A (Rating Watch Negative)". Previously, on January 23, 2008, Fitch downgraded XLCA, XLCA-UK and XLFA to "A (Rating Watch Negative)" from "AAA".

On February 25, 2008, S&P downgraded the IFS, financial enhancement and issuer credit ratings of XLCA, XLCA-UK and XLFA to "A-" from "AAA" and each remains on CreditWatch with negative implications

On March 4, 2008, Moody's placed the "A3" IFS ratings of XLCA, XLCA-UK and XLFA on review for possible downgrade. Previously, on February 7, 2008, among other actions, Moody's downgraded the IFS ratings of XLCA, XLCA-UK and XLFA to "A3" (Negative Outlook) from "Aaa."

In addition, XLCA's results of operations and financial condition are subject to significant uncertainties, including the following:

XLCA continues to be materially exposed to risks associated with any continuing deterioration in the credit market sectors discussed above, as well as the spread of such deterioration to other sectors of the economy to which XLCA has material business exposure. The extent and duration of any continued deterioration of the credit markets is unknown, as is the effect, if any, on potential claim payments and the ultimate amount of losses XLCA may incur on obligations it has guaranteed. As a result of the current level of XLCA's regulatory capital and the uncertainty associated with any future adverse loss development, there is a risk that should additional material adverse development of XLCA's loss reserves occur it could cause XLCA to be out of compliance with regulatory minimum solvency requirements which could, in turn, cause the regulator of XLCA to intervene in its operations. For

example, under certain circumstances, such as regulatory insolvency of XLCA, a regulator could, among other things, rehabilitate or liquidate XLCA or limit the premiums XLCA can write.

Establishment of case basis reserves for losses and loss adjustment expenses requires the use and exercise of significant judgment by management, including estimates regarding the likelihood of occurrence and amount of a loss on an insured obligation. Actual experience may differ from estimates and such difference may be material, due to the fact that the ultimate dispositions of claims are subject to the outcome of events that have not yet occurred and, in certain cases, will occur over many years in the future. Examples of these events include changes in the level of interest rates, credit deterioration of insured obligations, and changes in the value of specific assets supporting insured obligations. Both qualitative and quantitative factors are used in establishing such reserves. In determining the reserves, management considers all factors in the aggregate, and does not attribute the reserve provisions or any portion thereof to any specific factor. Any estimate of future costs is subject to the inherent limitation on management's ability to predict the aggregate course of future events. It should therefore be expected that the actual emergence of losses and loss adjustment expenses will vary, perhaps materially, from any estimate.

Status of Regulatory Compliance and Other Factors to Consider in Regard to Risk and Uncertainties

As of December 31, 2007, XLCA was in compliance, in all material respects, with regulatory requirements it is subject to in all jurisdictions in which it operates.

In early 2008 XLCA put in place additional reinsurance agreements with XLFA, in addition to those put in place in late 2007, which are intended to mitigate the adverse effects on XLCA's statutory solvency of future loss development, as well as mitigate the adverse effects on XLCA's equity, as determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), from the change in fair value of XLCA's guarantees of CDS contracts.

Based on its current statutory projections management believes that XLCA could incur adverse case basis loss reserve development subsequent to 2007 up to 80% of its case basis reserves at December 31, 2007, after giving effect to reinsurance, and still maintain compliance with its regulatory solvency and risk limit requirements. Actual experience may differ from estimates and such differences may be material.

XLCA believes its liquidity resources are sufficient to fund its obligations and its statutory capital is sufficient to comply with its regulatory solvency and regulatory risk limit requirements for at least the next twelve months.

Incorporation by Reference of Financials

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this Reoffering Circular. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Commission by SCA and may be reviewed at the EDGAR website maintained by the Commission.

The Annual Report of SCA on Form 10-K for the fiscal year ended December 31, 2007 and filed on March 17, 2008, the financial statements of XLCA and XLFA for the fiscal year ended December 31, 2007 filed as exhibits to Form 8-K filed by SCA on March 26, 2008 and all documents filed or furnished by SCA on Current Report on Form 8-K pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this Reoffering Circular, or after the date of this Reoffering Circular but prior to termination of the offering of the Bonds, shall be deemed incorporated by reference in this Reoffering Circular. Except for the financial statements of XLCA and XLFA, the Current Reports on Form 8-K of SCA and the Annual Report of Form 10-K of SCA, no other information contained in the reports filed with the Commission by SCA is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

Regulation of the Insurer

The Insurer is regulated by the Superintendent of Insurance of the State of New York. In addition, the Insurer is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, the Insurer is subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. The Insurer is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY THE INSURER, INCLUDING THE INSURANCE POLICIES, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The principal executive offices of the Insurer are located at 1221 Avenue of the Americas, New York, New York 10020 and its telephone number at this address is (212) 478-3400.

MUNICIPAL BOND INSURANCE POLICY

ISSUER: []

Policy No: []

BONDS: []

Effective Date: []

XL Capital Assurance Inc. (XLCA), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy (which includes each endorsement attached hereto), hereby agrees unconditionally and irrevocably to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the benefit of the Owners of the Bonds or, at the election of XLCA, to each Owner, that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment.

XLCA will pay such amounts to or for the benefit of the Owners on the later of the day on which such principal and interest becomes Due for Payment or one (1) Business Day following the Business Day on which XLCA shall have received Notice of Nonpayment (provided that Notice will be deemed received on a given Business Day if it is received prior to 10:00 a.m. New York time on such Business Day; otherwise it will be deemed received on the next Business Day), but only upon receipt by XLCA, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in XLCA. Upon such disbursement, XLCA shall become the owner of the Bond, any appurtenant coupon to the Bond or the right to receipt of payment of principal and interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by XLCA hereunder. Payment by XLCA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of XLCA under this Policy.

In the event the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer of the Bonds has been recovered from the Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, such Owner will be entitled to payment from XLCA to the extent of such recovery if sufficient funds are not otherwise available.

The following terms shall have the meanings specified for all purposes of this Policy, except to the extent such terms are expressly modified by an endorsement to this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest on the Bonds which are Due for Payment. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to XLCA which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

XLCA may, by giving written notice to the Trustee and the Paying Agent, appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy. From and after the date of receipt by the Trustee and the Paying Agent of such notice, which shall specify the name and notice address of the Insurer's Fiscal Agent, (a) copies of all notices required to be delivered to XLCA pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to XLCA and shall not be deemed received until received by both and (b) all payments required to be made by XLCA under this Policy may be made directly by XLCA or by the Insurer's Fiscal Agent on behalf of XLCA. The Insurer's Fiscal Agent is the agent of XLCA only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of XLCA to deposit or cause to be deposited sufficient funds to make payments due hereunder.

Except to the extent expressly modified by an endorsement hereto, (a) this Policy is non-cancelable by XLCA, and (b) the Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of XLCA, nor against any risk other than Nonpayment. This Policy sets forth the full undertaking of XLCA and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto.

THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, XLCA has caused this Policy to be executed on its behalf by its duly authorized officers.

Name:
Title:

Name:
Title:

THE BANK

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CERTAIN INFORMATION CONCERNING THE BANK

The Bank

TD Banknorth, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Portland, Maine. The Bank is a wholly-owned subsidiary of TD Banknorth Inc. (the "Corporation") and offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer, trust, investment advisory and insurance agency services. The Bank operates banking offices in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania and Vermont. As of December 31, 2007, the Bank had consolidated assets of \$45.5 billion, consolidated deposits of \$28.4 billion and stockholder's equity of \$9.2 billion, based on regulatory accounting principles.

The Corporation is a registered bank/financial holding company with its principal executive offices located in Portland, Maine, and on April 20, 2007, became an indirect wholly-owned subsidiary of The Toronto-Dominion Bank ("TD"), a Canadian chartered bank. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the year ended December 31, 2006 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2007. As of July 2007, the Corporation ceased filing periodic and other reports with the Securities and Exchange Commission (the "SEC").

On October 2, 2007, TD entered into a merger agreement with Commerce Bancorp, Inc. ("Commerce"), the holding company for Commerce Bank, N.A., Philadelphia, Pennsylvania, and Commerce Bank/North, Ramsey, New Jersey (together, the "Commerce Banks"), which provided for Commerce to be acquired by TD. The acquisition was consummated on March 31, 2008. The Commerce Banks and the Bank have filed an application with the Office of the Comptroller of the Currency for approval to merge the Commerce Banks with and into the Bank. In connection with this merger, the Bank's legal name will be changed to TD Bank, N.A. This proposed merger is expected to occur in the second quarter of 2008.

Additional information regarding the foregoing is available from the filings made by TD with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning TD, the Corporation and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letters of Credit have been issued by the Bank and are the obligations of the Bank and not the Corporation or TD.

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