



\$115,510,000	
DORMITORY AUTHORITY OF THE STATE OF NEW YORK	
PACE UNIVERSITY REVENUE BONDS	
\$95,840,000 Pace University Revenue Bonds, Series 2013A	\$19,670,000 Pace University Revenue Bonds, Series 2013B (Federally Taxable)
Dated: Date of Delivery	Due: May 1, as shown on the inside cover

Payment and Security: The Pace University Revenue Bonds, Series 2013A (the "Series 2013A Bonds") and the Pace University Revenue Bonds, Series 2013B (Federally Taxable) (the "Series 2013B Bonds," and together with the Series 2013A Bonds, the "Series 2013 Bonds") are special obligations of the Dormitory Authority of the State of New York ("DASNY") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of January 16, 2013, between Pace University (the "University") and DASNY, and/or payments made under the applicable Series 2013 Obligation (as hereinafter defined), which Series 2013 Obligations secure the University's obligations under the Loan Agreement with respect to the Series 2013 Bonds, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) established in connection with the applicable Series of the Series 2013 Bonds. The Series 2013 Bonds are to be issued under DASNY's Pace University Revenue Bond Resolution, adopted January 16, 2013 (the "Resolution"), the Series Resolution authorizing the Series 2013A Bonds, adopted January 16, 2013 (the "Series 2013A Resolution"), and the Series Resolution authorizing the Series 2013B Bonds, adopted January 16, 2013 (the "Series 2013B Resolution," and collectively with the Resolution and the Series 2013A Resolution, the "Resolutions").

Payment of the principal or Redemption Price of and interest on each Series of the Series 2013 Bonds, when due, is secured by payments to be made pursuant to an obligation issued with respect to each Series (each a "Series 2013 Obligation") by the University pursuant to a Master Trust Indenture, dated as of January 1, 2013, as supplemented with respect to each Series 2013 Obligation by a Supplemental Indenture (the "Master Indenture"), each by and between the University and The Bank of New York Mellon, as Master Trustee (the "Master Trustee"). The University's obligations under the Master Indenture are a general obligation of the University, secured by a lien on Gross Revenues and a Mortgage, as described herein.

The University's obligations under the Loan Agreement and the Series 2013 Obligations are general obligations of the University. The Loan Agreement requires the University to pay, in addition to the fees and expenses of DASNY and The Bank of New York Mellon, as Trustee (the "Trustee"), amounts sufficient to pay the principal and Redemption Price of and interest on the Series 2013 Bonds, as such payments shall become due, and to make payments due under each Series 2013 Obligation. See "PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS."

The Series 2013 Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2013 Bonds. DASNY has no taxing power.

Description: The Series 2013A Bonds will be issued as fully registered fixed rate bonds in denominations of \$5,000 or any integral multiple thereof and will mature on the dates and bear interest at the rates shown on the inside cover hereof. Interest on the Series 2013A Bonds will accrue from the date of delivery and will be payable semiannually on each May 1 and November 1, commencing May 1, 2013. The Series 2013B Bonds will be issued as fully registered variable rate bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof for so long as the Series 2013B Bonds are in the R-FLOATs Rate Mode (as described herein). The initial interest rate for the Series 2013B Bonds will be communicated by the Remarketing Agent to the prospective purchasers of such Series 2013B Bonds, and thereafter will be determined as described herein for Series 2013B Bonds in the R-FLOATs Rate Mode. Interest on the Series 2013B Bonds will accrue from the date of delivery, and while in the R-FLOATs Rate Mode, will be payable on first Business Day of each month, commencing April 1, 2013. The Series 2013B Bonds will continue to bear interest at the weekly R-FLOATs Rate unless, at the option of the University, the Series 2013B Bonds are converted to bear interest at the Daily Rate, Commercial Paper Rate, Weekly Rate, Term Rate or Fixed Rate, as described herein. **This Official Statement describes the Series 2013B Bonds only while in the R-FLOATs Rate Mode.**

The Series 2013 Bonds will be issued initially under a book-entry only system, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2013 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, payments of the principal and Redemption Price of and interest on such Series 2013 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2013 BONDS - Book-Entry Only System" herein.

Redemption and Purchase: *The Series 2013 Bonds are subject to redemption and purchase in lieu of optional redemption prior to maturity as more fully described herein. The Series 2013B Bonds are subject to optional and mandatory tender as described herein while in the R-FLOATs Rate Mode. Payment for Series 2013B Bonds which are tendered for purchase will be made only from the proceeds of the remarketing of such Series 2013B Bonds. Neither DASNY nor the University is obligated to pay the purchase price of any Series 2013B Bonds tendered for purchase. For so long as the Series 2013B Bonds are in the R-FLOATs Rate Mode, the Series 2013B Bonds will not be supported by a letter of credit, line of credit, standby bond purchase agreement or any other liquidity facility.*

Tax Matters: In the opinions of Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, co-bond counsel to DASNY (collectively, "Co-Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2013A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2013A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Co-Bond Counsel also are of the opinion that interest on the Series 2013B Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In addition, Co-Bond Counsel are of the opinion that under existing statutes, interest on the Series 2013 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "PART 11 - TAX MATTERS" herein regarding certain other tax considerations.

The Series 2013 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2013 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel to DASNY, and to certain other conditions. Certain legal matters will be passed upon for the University by its General Counsel and by its special finance counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig, LLP, Boston, Massachusetts. DASNY expects to deliver the Series 2013 Bonds in definitive form in New York, New York, on or about March 7, 2013.

Barclays[†]	BofA Merrill Lynch	Ramirez & Co., Inc.[†]
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\$95,840,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
PACE UNIVERSITY
REVENUE BONDS, SERIES 2013A

<u>Due</u> <u>May 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†] <u>Number</u>	<u>Due</u> <u>May 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†] <u>Number</u>
2014	\$2,900,000	2.00%	0.75%	649907HP0	2022	\$4,900,000	4.00%	2.99%	649907HX3
2015	2,960,000	3.00	1.18	649907HQ8	2023	5,090,000	5.00	3.20	649907HY1
2016	3,050,000	4.00	1.40	649907HR6	2024	5,350,000	5.00	3.30*	649907JC7
2017	3,170,000	5.00	1.64	649907HS4	2025	5,615,000	5.00	3.40*	649907JD5
2018	3,330,000	4.00	1.95	649907HT2	2026	5,895,000	5.00	3.49*	649907JE3
2019	3,460,000	5.00	2.21	649907HU9	2027	6,190,000	5.00	3.54*	649907JF0
2020	3,635,000	4.00	2.51	649907HV7	2028	6,495,000	5.00	3.62*	649907JG8
2021	3,780,000	5.00	2.73	649907HW5	2029	6,825,000	5.00	3.65*	649907JH6

\$5,770,000 4.00% Term Bonds Due May 1, 2033 Yield 4.03% CUSIP[†] Number: 649907HZ8

\$8,780,000 5.00% Term Bonds Due May 1, 2038 Yield 4.02%* CUSIP[†] Number: 649907JA1

\$8,645,000 4.25% Term Bonds Due May 1, 2042 Yield 4.40% CUSIP[†] Number: 649907JB9

\$19,670,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
PACE UNIVERSITY
REVENUE BONDS, SERIES 2013B
(FEDERALLY TAXABLE)

Price: 100%

CUSIP[†] Number: 649907JJ2

Last Day of Initial Rate Period: Wednesday, March 13, 2013

First R-FLOATs Mode Rate Determination Date: Thursday, March 14, 2013

First Interest Payment Date: April 1, 2013

R-FLOATs Mode Rate Determination Dates: Generally, Thursday of each week

Interest Payment Dates: Generally, the first Business Day of each month

Maturity Date: May 1, 2035

[†] CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2013 Bonds. Neither DASNY nor the Underwriters are responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2013 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2013 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2013 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2013 Bonds.

* Yield to first optional redemption date of May 1, 2023.

No dealer, broker, salesperson or other person has been authorized by DASNY, the University or the Underwriters to give any information or to make any representations with respect to the Series 2013 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY, the University or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2013 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

The University has reviewed the parts of this Official Statement describing the University, the Sources of Payment and Security for the Series 2013 Bonds, the Principal and Interest Requirements, the Plan of Finance, the Estimated Sources and Uses of Funds, Appendix B and Appendix E. As a condition to delivery of the Series 2013 Bonds, the University will certify that as of the date of this Official Statement and of delivery of the Series 2013 Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The University makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2013A Resolution, the Series 2013B Resolution, the Loan Agreement, the Master Indenture, the Series 2013 Supplemental Indentures and the Series 2013 Obligations do not purport to be complete. Refer to the Act, the Resolution, the Series 2013A Resolution, the Series 2013B Resolution, the Loan Agreement, the Master Indenture, the Series 2013 Supplemental Indentures and the Series 2013 Obligations for full and complete details of their provisions. Copies of such documents are on file with DASNY and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2013 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2013 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE UNIVERSITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT AFFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
PART 1 - INTRODUCTION.....	1	Summary of Financial Position.....	34
Purpose of the Official Statement.....	1	Private Gifts and Investments.....	35
Purpose of the Issue.....	1	Retirement Plans.....	35
Authorization of Issuance.....	1	Outstanding Indebtedness.....	36
DASNY.....	2	Litigation.....	36
The University.....	2	PART 7 - BONDHOLDERS' RISKS.....	36
The Series 2013 Bonds.....	2	General.....	36
Payment of the Series 2013 Bonds.....	2	Investment Grade Rating.....	36
Security for the Series 2013 Bonds.....	2	Factors Affecting the Financial Performance of the	
PART 2 - SOURCE OF PAYMENT AND SECURITY		University.....	37
FOR THE SERIES 2013 BONDS.....	3	Bankruptcy.....	37
Payment of the Series 2013 Bonds.....	3	Tax-Exempt Status of the University and the Series	
Security for the Series 2013 Bonds.....	4	2013A Bonds.....	38
Events of Default and Acceleration under the		Amendment of the Resolution and Loan Agreement..	38
Resolution.....	4	Additional Indebtedness.....	38
Additional Bonds.....	5	Realization of Value on the Mortgaged Property.....	38
Obligations under the Master Indenture.....	5	Enforceability of Lien on Gross Revenues.....	38
Other Indebtedness.....	7	Enforcement of Remedies.....	39
General.....	7	Secondary Market.....	39
PART 3 - THE SERIES 2013 BONDS.....	7	PART 8 - DASNY.....	39
Description of the Series 2013A Bonds.....	8	Background, Purposes and Powers.....	39
Redemption of the Series 2013A Bonds and Purchase in		Governance.....	40
Lieu of Optional Redemption.....	8	Claims and Litigation.....	43
Description of the Series 2013B Bonds.....	10	Other Matters.....	43
Determination of Interest Rates on the Variable Rate		PART 9 - LEGALITY OF THE SERIES 2013 BONDS	
Bonds.....	11	FOR INVESTMENT AND DEPOSIT.....	44
Payment of Interest on the Variable Rate Bonds.....	12	PART 10 - NEGOTIABLE INSTRUMENTS.....	44
Non-Remarketed Variable Rate Bonds.....	12	PART 11 - TAX MATTERS.....	44
Tender of Variable Rate Bonds.....	13	Series 2013A Bonds.....	44
Payment of Purchase Price of Variable Rate Bonds.....	13	Series 2013B Bonds.....	46
Change of Mode of Variable Rate Bonds.....	14	PART 12 - STATE NOT LIABLE ON THE SERIES 2013	
Redemption and Purchase in Lieu of Redemption of		BONDS.....	49
Variable Rate Bonds.....	15	PART 13 - COVENANT BY THE STATE.....	49
Book-Entry Only System.....	17	PART 14 - LEGAL MATTERS.....	49
Principal and Interest Requirements.....	19	PART 15 - UNDERWRITING.....	50
PART 4 - PLAN OF FINANCE.....	19	PART 16 - CONTINUING DISCLOSURE.....	50
PART 5 - ESTIMATED SOURCES AND USES OF		PART 17 - RATING.....	52
FUNDS.....	20	PART 18 - VERIFICATION OF MATHEMATICAL	
PART 6 - THE UNIVERSITY.....	20	COMPUTATIONS.....	52
GENERAL INFORMATION.....	20	PART 19 - REMARKETING.....	53
Introduction.....	20	General.....	53
Strategic Priorities.....	23	Certain Considerations Concerning the Remarketing of	
Governance.....	23	the Series 2013B Bonds.....	53
Administration.....	25	PART 20 - MISCELLANEOUS.....	54
Employment.....	26	Appendix A – Certain Definitions.....	A-1
Campus Facilities.....	26	Appendix B – Financial Statements of Pace University	
OPERATING INFORMATION.....	28	and Independent Auditors' Report.....	B-1
Admissions and Student Enrollment.....	28	Appendix C – Summary of Certain Provisions of the	
Tuition and Fees.....	30	Loan Agreement.....	C-1
Financial Aid.....	31	Appendix D – Summary of Certain Provisions of the	
Faculty.....	31	Resolution.....	D-1
FINANCIAL INFORMATION.....	32	Appendix E – Summary of Certain Provisions of the	
Budgeting and Planning.....	32	Master Indenture.....	E-1
Management's Discussion of Recent Financial		Appendix F – Proposed Forms of Approving Opinions of	
Performance.....	32	Co-Bond Counsel.....	F-1
Summary of Changes in Net Assets.....	33		



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

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

OFFICIAL STATEMENT RELATING TO
\$115,510,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
PACE UNIVERSITY REVENUE BONDS

\$95,840,000 Pace University Revenue Bonds
Series 2013A

\$19,670,000 Pace University Revenue Bonds
Series 2013B (Federally Taxable)

PART 1 - INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page, inside cover page and appendices, is to provide information about the Dormitory Authority of the State of New York (“DASNY”) and Pace University (“Pace” or the “University”), in connection with the offering by DASNY of \$95,840,000 principal amount of its Pace University Revenue Bonds, Series 2013A (the “Series 2013A Bonds”) and \$19,670,000 principal amount of its Pace University Revenue Bonds, Series 2013B (Federally Taxable) (the “Series 2013B Bonds” and together with the “Series 2013A Bonds, the “Series 2013 Bonds”).

The following is a brief description of certain information concerning the Series 2013 Bonds, DASNY and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2013 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2013A Bonds are being issued for the purpose of providing funds which, together with other available money, will be used to (i) finance the acquisition, renovation, construction, equipping and/or furnishing of certain of the University’s facilities located in the City of New York, New York (the “New York City Campus”), Pleasantville, New York (the “Pleasantville Campus”), and White Plains, New York (the “White Plains Campus”), (ii) refund the \$70,900,000 outstanding principal amount of DASNY’s Pace University Insured Revenue Bonds, Series 2005A (the “Series 2005A Bonds”), (iii) fund the cost of terminating an interest rate swap agreement associated with the Series 2005A Bonds, and (iv) pay the Costs of Issuance of the Series 2013A Bonds. The Series 2013B Bonds are being issued for the purpose of providing funds which, together with other available money, will be used to (x) refund the \$38,350,000 outstanding principal amount of DASNY’s Pace University Insured Revenue Bonds, Series 2005B - Federally Taxable (the “Series 2005B Bonds,” and together with the Series 2005A Bonds, the “Refunded Bonds”) and (y) pay the Costs of Issuance of the Series 2013B Bonds. See “PART 4 - PLAN OF FINANCE” and “PART 5 - ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Series 2013 Bonds will be issued pursuant to DASNY’s Pace University Revenue Bond Resolution, adopted January 16, 2013 (the “Resolution”), the Series Resolution authorizing the Series 2013A Bonds, adopted January 16, 2013 (the “Series 2013A Resolution”), the Series Resolution authorizing the Series 2013B Bonds, adopted January 16, 2013 (the “Series 2013B Resolution,” and collectively with the Resolution and the Series 2013A Resolution, the “Resolutions”) and the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State of New York, and constituting Title 4 of Article 8 of the Public Authorities Law), as the same may be amended from time to time (the “Act”). The Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay Costs of one or more Projects, to pay the Costs of Issuance of such Series of

Bonds, to refund all or a portion of Outstanding Bonds or other notes or bonds of DASNY that were issued on behalf of the University, and to refinance other indebtedness of the University. Each Series of Bonds will be separately secured from each other Series of Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution.

DASNY

DASNY is a public benefit corporation of the State of New York (the "State"), created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, healthcare, governmental and not-for-profit institutions. See "PART 8 - DASNY."

The University

The University is an independent, coeducational, not-for-profit institution of higher education chartered by the Board of Regents of the State. The University has campuses located in Westchester County and the City of New York. See "PART 6 - THE UNIVERSITY" and "Appendix B - Financial Statements of Pace University and Independent Auditors' Report."

The Series 2013 Bonds

The Series 2013A Bonds are dated their date of delivery and bear interest from such date (payable May 1, 2013 and on each November 1 and May 1 thereafter) at the rates and mature at the times and in the amounts set forth on the inside cover page of this Official Statement.

The Series 2013B Bonds will initially bear interest in the weekly R-FLOATs Rate Mode and will be dated their date of delivery. For the period from and including the date of delivery of the Series 2013B Bonds to and including the last day of the Initial Rate Period listed on the inside cover page, the interest rate on the Series 2013B Bonds will be determined by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Remarketing Agent") on or about the Business Day immediately preceding such date of delivery and thereafter will be determined as described herein for Series 2013B Bonds in the R-FLOATs Rate Mode. The first R-FLOATs Mode Rate Determination Date for the Series 2013B Bonds will be March 14, 2013 and thereafter R-FLOATs Mode Rate Determination Dates for Series 2013B Bonds in the weekly R-FLOATs Rate Mode will occur every Thursday subject to certain conditions and exceptions. While the Series 2013B Bonds are in the weekly R-FLOATs Rate Mode, each subsequent R-FLOATs Period is to begin on a Thursday, resulting in R-FLOATs Periods of approximately five Business Days, unless such a day is not a Business Day in which case the R-FLOATs Period is to begin on the next Business Day. While the Series 2013B Bonds are in the R-FLOATs Rate Mode, interest accrued through the day prior to the first Business Day of each month will be payable on the first Business Day of each month commencing on April 1, 2013. See "PART 3 - THE SERIES 2013 BONDS."

Payment of the Series 2013 Bonds

Each Series of Series 2013 Bonds is a special obligation of DASNY payable solely from the applicable Revenues, which include certain payments to be made by the University under a Loan Agreement, dated as of January 16, 2013 (the "Loan Agreement"), between University and DASNY, and/or any payments to be made by the University on the applicable Series 2013 Obligation (as herein after defined), which payments are pledged and assigned to The Bank of New York Mellon, as Trustee (the "Trustee"). Each Series 2013 Obligation secures the University's payment obligations under the Loan Agreement with respect to the applicable Series of Series 2013 Bonds. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS - Payment of the Series 2013 Bonds."

The Series 2013 Bonds will not be a debt of the State nor will the State be liable on them. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2013 Bonds except for DASNY's responsibility to make payments from the applicable Revenues, and from amounts held in the funds and accounts established pursuant to the Series 2013A Resolution and the Series 2013B Resolution, respectively, and pledged therefor.

Security for the Series 2013 Bonds

Each Series of the Bonds (including each Series of the Series 2013 Bonds) is separately secured by the pledge and assignment made by DASNY to the Trustee of the Revenues applicable to such Series and, except as otherwise provided in the Resolutions, of all funds and accounts authorized by the Resolution and established under the respective Series Resolution (other than the Arbitrage Rebate Fund). The University's obligation to make the payments under the Loan Agreement that constitute the Revenues is a general obligation of the University and such payments are required to be made by the University out of any money legally available to it.

Payment when due of the University's obligations to DASNY under the Loan Agreement with respect to each Series of the Series 2013 Bonds is secured by an Obligation issued by the University for each such Series (respectively, the "Series 2013A Obligation" and the "Series 2013B Obligation" and collectively, the "Series 2013 Obligations") pursuant to a Master Trust Indenture, dated as of January 1, 2013 (as supplemented as provided below, the "Master Indenture"), by and between the University and The Bank of New York Mellon, as Master Trustee (the "Master Trustee"), as supplemented (i) with respect to the Series 2013A Obligation, by the Supplemental Indenture for Obligation No.1 (referred to herein as the "Series 2013A Supplemental Indenture"), and (ii) with respect to the Series 2013B Obligation, by the Supplemental Indenture for Obligation No.2 (referred to herein as the "Series 2013B Supplemental Indenture" and together with the Series 2013A Supplemental Indenture, the "Series 2013 Supplemental Indentures"), each dated as of January 1, 2013, by and between the University and the Master Trustee. The Master Indenture constitutes a general obligation of the University to repay all obligations issued under the Master Indenture (each an "Obligation"), including the Series 2013 Obligations. The obligation of the University to make the payments required by the Master Indenture with respect to the Series 2013 Obligations and all other Obligations are secured by a security interest in Gross Revenues given by the University pursuant to the Master Indenture. The security interest in Gross Revenues given to secure the Series 2013 Obligations will be subject to Permitted Liens, as described in the Master Indenture. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS - Obligations Under the Master Indenture - Security Interest in Gross Revenues."

The University's obligations pursuant to the Master Indenture will be additionally secured by a Mortgage (as hereinafter defined) on certain Mortgaged Property (as hereinafter defined) and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith. All indebtedness under the Master Indenture is secured by the Mortgage and, pursuant to the terms of the Master Indenture, all Obligations issued under the Master Indenture are secured on a parity. Pursuant to the Master Indenture, future Obligations issued thereunder will be secured by the Mortgage, with all proceeds realized from the Mortgage to be applied proportionally and ratably to all Obligations issued under the Master Indenture. In addition, the Master Trustee is permitted to release or subordinate certain portions of the Mortgaged Property from the lien of the Mortgage under certain conditions set forth in the Master Indenture. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS - Obligations under the Master Indenture - Mortgage" and "Appendix E - Summary of Certain Provisions of the Master Indenture - Master Trust Indenture - Security; Restrictions on Encumbering Property; Payment of Principal and Interest - Grant of Mortgage."

PART 2 -SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2013 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2013A Resolution, the Series 2013B Resolution, the Master Indenture, the Series 2013 Supplemental Indentures, the Series 2013 Obligations and the Mortgage. Copies of the Loan Agreement, the Resolution, the Series 2013A Resolution, the Series 2013B Resolution, the Master Indenture, the 2013 Supplemental Indentures, the Series 2013 Obligations and the Mortgage are on file with DASNY and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement," "Appendix D - Summary of Certain Provisions of the Resolution" and "Appendix E - Summary of Certain Provisions of the Master Indenture" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2013 Bonds

The Series 2013 Bonds will be special obligations of DASNY. The principal and Redemption Price of and interest on each Series of the Series 2013 Bonds are payable solely from the applicable Revenues. The Revenues include the payments required to be made by the University under the Loan Agreement with respect to a Series of the Series 2013 Bonds, and/or any payments made under the applicable Series 2013 Obligation to be issued by the University with respect to such Series, which Series 2013 Obligation secures the University's obligations under the Loan Agreement with respect to the applicable Series of Series 2013 Bonds. The applicable Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the respective Series of Series 2013 Bonds.

The University's obligations under the Loan Agreement and under each Series 2013 Obligation are general obligations of the University and obligate the University to make payments to satisfy the principal and Redemption Price of and interest on the applicable Series of Series 2013 Bonds. Generally, payments to satisfy principal and Sinking Fund Installments of, and interest on the Series 2013 Bonds are to be made monthly. Each payment is to be

equal to a proportionate share of the interest on the Series 2013 Bonds coming due on the next succeeding Interest Payment Date and of the principal and Sinking Fund Installments coming due on the next succeeding May 1. The Loan Agreement also obligates the University to make payments sufficient to pay, at least 45 days prior to a redemption date or Purchase Date of Series 2013 Bonds called for redemption or contracted to be purchased (or such shorter period as DASNY shall permit), the amount, if any, required to pay the Redemption Price or Purchase Price of such Series 2013 Bonds. DASNY has directed the University, and the University has agreed, to make the payments under the Loan Agreement directly to the Trustee.

Security for the Series 2013 Bonds

Each Series of the Series 2013 Bonds will be secured by the pledge and assignment by DASNY of (i) the applicable Revenues, which include payments made by the University with respect to such Series pursuant to the Loan Agreement, and/or any payments made under the applicable Series 2013 Obligation issued by the University under the Master Indenture, and (ii) all of the funds and accounts authorized pursuant to the Resolution and established with respect to such Series of Series 2013 Bonds by the applicable Series 2013 Resolution. Pursuant to the Resolution, the funds and accounts established and pledged by a Series 2013 Resolution secure only the related Series of the Series 2013 Bonds, and do not secure the other Series of the Series 2013 Bonds or any other series of Bonds that may hereafter be issued under the Resolution. While the Resolution authorizes and permits a Debt Service Reserve Fund to be established for a Series of Bonds issued thereunder, no Debt Service Reserve Fund will be established for either Series of the Series 2013 Bonds.

The Series 2013 Obligations

Payment of the principal and Redemption Price of and interest on each Series of the Series 2013 Bonds when due, and payment when due of the other obligations of the University to DASNY under the Loan Agreement, will be secured by payments made by the University pursuant to the applicable Series 2013 Obligation. Each Series 2013 Obligation will be issued to DASNY, which will assign all payments under such Series 2013 Obligation to the Trustee for the benefit of the Bondholders of the applicable Series. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS - Obligations under the Master Indenture” herein.

Events of Default and Acceleration under the Resolution

The following constitute events of default under the Resolution with respect to each Series of the Series 2013 Bonds: (i) a default by DASNY in the payment when due of the principal, Sinking Fund Installments or Redemption Price, if any, of or interest on any such Series 2013 Bond; (ii) a default by DASNY in the due and punctual performance of any covenants, conditions, agreements or provisions contained in such Series of the Series 2013 Bonds or in the Resolution or in the applicable Series 2013 Resolution, which continues for thirty (30) days after written notice is given to DASNY by the Trustee specifying such default and requiring the same to be remedied unless, if such default is not capable of being cured within thirty (30) days, DASNY has commenced to cure such default within thirty (30) days and diligently prosecutes the cure thereof (such notice to be given in the Trustee’s discretion or at the written request of holders of not less than 25% in principal amount of Outstanding Series 2013 Bonds of such Series); (iii) a default by DASNY in the due and punctual performance of any applicable tax covenant which results in the loss of the exclusion of interest on the Series 2013A Bonds from gross income under the Code; or (iv) an “Event of Default,” as defined in the Loan Agreement, shall have occurred and shall be continuing and all sums payable by the University under the Loan Agreement shall have been declared immediately due and payable (unless such declaration shall have been annulled). If the University defaults under the Master Indenture or under any Obligation issued thereunder, such default shall constitute an Event of Default under the Loan Agreement. Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable (and such declaration shall have not been annulled), an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that an event of default thereunder in respect of a Series of Bonds shall not in and of itself be or constitute an event of default in respect of any other Series of Bonds. If an event of default occurs and continues (except with respect to a default described in clause (iii) above), the Trustee may and shall, upon the written request of the holders of not less than 25% in principal amount of such Series of the Series 2013 Bonds, by written notice to DASNY, (i) declare the principal of and interest on such Series 2013 Bonds to be due and payable immediately, and (ii) request the Master Trustee to declare all applicable Obligations to be immediately due and payable. At the expiration of 30 days after the giving of such notice, such principal and interest shall become immediately due and payable. The Trustee shall, with the written consent of the holders of not less than 25% in principal amount of Series 2013 Bonds of the applicable Series then Outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee shall give notice to the holders in accordance with the Resolution of each event of default known to the Trustee within 30 days, in each case after 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 applicable Series of the Series 2013 Bonds, the Trustee shall 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 applicable Series of the Series 2013 Bonds.

Additional Bonds

In addition to the Series 2013 Bonds, the Resolution authorizes the issuance by DASNY of other Series of Bonds to finance Projects and for other specified purposes including refunding Outstanding Bonds or other notes or bonds issued on behalf of the University. Each such Series of Bonds shall be separately secured by (i) the applicable Revenues, including payments under the applicable Obligation to be issued by the University under the Master Trust Indenture, and (ii) the funds and accounts established for such Series of Bonds pursuant to the applicable Series Resolution.

Obligations under the Master Indenture

General

In addition to other sources of payment described herein, principal or Redemption Price of and interest on each Series of the Series 2013 Bonds will be payable from moneys paid by the University pursuant to the applicable Series 2013 Obligation. Concurrently with the issuance of the Series 2013 Bonds, the University will issue its Series 2013 Obligations pursuant to the Master Indenture and the related Series 2013 Supplemental Indenture. The Series 2013 Obligations will be issued to DASNY, which will assign all payments under each Series 2013 Obligation to the Trustee as security for the payment of the principal or Redemption Price of and interest on the applicable Series of the Series 2013 Bonds.

Pursuant to the Master Indenture, the University is subject to covenants under the Master Indenture relating to maintenance of a Debt Service Coverage Ratio and restricting, among other things, the incurrence of Indebtedness, the existence of liens on Property (as such terms are defined in the Master Indenture), consolidation and merger, and the disposition of assets.

THE MASTER INDENTURE PERMITS THE UNIVERSITY TO ISSUE OR INCUR ADDITIONAL INDEBTEDNESS EVIDENCED BY OBLIGATIONS THAT WILL SHARE THE SECURITY FOR THE SERIES 2013 OBLIGATIONS (I.E., THE MORTGAGE AND THE GROSS REVENUES) ON A PARITY BASIS WITH SUCH OBLIGATIONS AND ADDITIONAL INDEBTEDNESS EVIDENCED BY OBLIGATIONS THAT WILL SHARE THE SECURITY FOR THE SERIES 2013 OBLIGATIONS BUT ONLY WITH RESPECT TO THE GROSS REVENUES (AND NOT THE MORTGAGE) ON A PARITY BASIS WITH SUCH OBLIGATIONS. IN ADDITION, IN CERTAIN CIRCUMSTANCES THE LIEN ON GROSS REVENUES MAY BE SUBORDINATE TO CERTAIN OTHER INDEBTEDNESS OF THE UNIVERSITY INCURRED OUTSIDE OF THE MASTER INDENTURE, OR RELEASED, IN PART, TO SECURE SHORT-TERM INDEBTEDNESS. ADDITIONALLY THE LIEN OF THE MORTGAGE (BUT NOT THE LIEN SECURING THE LAND, BUILDINGS AND IMPROVEMENTS CONSTITUTING ONE PACE PLAZA) MAY BE RELEASED UPON SATISFACTION OF CERTAIN TESTS AND WITH THE CONSENT OF DASNY. SUCH ADDITIONAL OBLIGATIONS WILL NOT BE SECURED BY THE MONEY OR INVESTMENTS IN ANY FUND OR ACCOUNT HELD BY THE TRUSTEE FOR THE SECURITY OF THE SERIES 2013 BONDS. See "Appendix E - Summary of Certain Provisions of the Master Indenture - Master Indenture - Permitted Releases and Permitted Modifications with Respect to the Mortgage," "- Supplemental Indenture for Obligation No. 1 - Supplements to Master Indenture relating to Series 2013A Authority Bonds - Limitations on Indebtedness" and "- Supplemental Indenture for Obligation No. 2 - Supplements to Master Indenture relating to Series 2013B Authority Bonds - Limitations on Indebtedness."

Security for the Series 2013 Obligations

Pursuant to the Master Indenture, the Series 2013 Obligations will be a general obligation of the University and will be secured by a lien on Gross Revenues and by the Mortgage. Additional Obligations issued under the Master Indenture also will be secured by a lien on Gross Revenues, on parity with the lien securing the Series 2013 Obligations, and may be secured by the Mortgage, on a parity basis with the Series 2013 Obligations. The enforcement of the Obligations may be limited by (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal or State

statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, and (v) federal bankruptcy laws, State of New York receivership or fraudulent conveyance laws or similar laws affecting creditors' rights that may affect the enforceability of the Master Indenture.

Security Interest in Gross Revenues

As security for its obligations under the Master Indenture, the University shall pledge and grant to the Master Trustee a security interest in Gross Revenues. Gross Revenues are defined to include tuition, fees, receipts, revenues, income, gains and other moneys received or receivable by or on behalf of the University, including without limitation contributions, donations, and pledges whether in the form of cash, securities or other personal property and the rights to receive the same whether in the form of accounts, payment on tangibles, contract rights, general intangibles, chattel paper, deposit accounts, instruments, promissory notes and the proceeds thereof, and any insurance or condemnation proceeds thereon, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired, provided that Gross Revenues does not include (i) gifts, grants, bequests, donations, and contributions heretofore or hereafter made, designated at the time of the making thereof by the donor or maker as being for a specific purpose contrary to (A) paying debt service on an Obligation, or (B) meeting any commitment of the University under a Loan Agreement, and (ii) amounts required to be paid to third parties pursuant to revenue-sharing arrangements between the University and such third parties. The security interest in Gross Revenues given to secure the Series 2013 Obligations will be subject to Permitted Liens, as described below, which could include a lien on Gross Revenues, senior to the lien securing the Series 2013 Obligations, securing Indebtedness in an amount not to exceed 10% of the Total Operating Revenues (as such term is defined in the Master Indenture) as set forth on the University's then most recent audited financial statements. If granted by the University, such senior lien on Gross Revenues would secure indebtedness incurred by the University outside of the Master Indenture without complying with the additional debt incurrence test described below under the caption "Other Indebtedness."

Mortgage

To secure payments required to be made by the University under the Series 2013 Obligations the University will grant DASNY a mortgage (the "Mortgage") on the portion of the University's New York City Campus comprising One Pace Plaza, and on the University's Pleasantville Campus (collectively, the "Mortgaged Property"), which Mortgage shall be assigned by DASNY to the Master Trustee. See "PART 6 - THE UNIVERSITY - Campus Facilities." The Mortgage also includes a security interest in certain fixtures, furnishings and equipment located on or at the Mortgaged Property. Pursuant to the Master Indenture, future Obligations issued thereunder may be secured by the Mortgage, with all proceeds realized from the Mortgage to be applied proportionally and ratably to all Obligations secured thereby and issued under the Master Indenture. In addition, the Master Trustee is permitted to release certain portions of the Mortgaged Property under certain conditions set forth in the Master Indenture and with the consent of DASNY, and to enter into a sale and leaseback arrangement with respect to machinery, equipment, fixtures or other personal property located at the Pleasantville Campus; provided, that such sale and leaseback will not have a Material Adverse Effect (as such term is defined in the Master Indenture). However, the Master Trustee is not permitted to release, nor is the University permitted to sell and leaseback, any of the land, buildings and improvements comprising One Pace Plaza. Additional Obligations issued under the Master Indenture may, at the option of the University, be secured by the Mortgage on a parity basis with the Series 2013 Obligations. See "Appendix E - Summary of Certain Provisions of the Master Indenture - Master Trust Indenture - Security; Restrictions on Encumbering Property; Payment of Principal and Interest - Grant of Mortgage," "- Transfers of Property," and "- Permitted Releases and Permitted Modifications with Respect to the Mortgage."

Permitted Liens

Under the Master Indenture, the University may not create or suffer to be created any Lien on Property, including the Mortgaged Property, other than Permitted Liens. Such restrictions do not apply to the Excluded Property. Permitted Liens under the Master Indenture include: (i) certain existing liens, (ii) existing liens on Property acquired by the University after the issuance of the 2013 Obligations under the Master Indenture, (iii) liens on accounts receivable, and (iv) a senior lien on Gross Revenues securing Indebtedness in an amount not to exceed 10% of the Total Operating Revenues (as such term is defined in the Master Indenture) as set forth on the University's then most recent audited financial statements (which senior lien on Gross Revenues would be incurred by the University outside of the Master Indenture without complying with the debt incurrence test described below under the caption "Other Indebtedness"). The Liens created by the Mortgage and the security interest in Gross Revenues are also Permitted Liens. The liens created by the Mortgage include security interests in the Mortgage

Property. See “Appendix E - Summary of Certain Provisions of the Master Indenture - Master Trust Indenture - Limitations on Creation of Liens.”

Other Indebtedness

The University may issue additional Obligations under the Master Indenture that are secured on a parity with the Series 2013 Obligations with respect to the security interest in Gross Revenues and, at the option of the University, the Mortgage to evidence and secure Indebtedness or other financial obligations entered into by the University in connection with the issuance of Related Bonds (as such term is defined in the Master Indenture). In addition, for so long as the Series 2013 Bonds remain outstanding, the University may incur additional Long-Term Indebtedness if prior to incurring such Long-Term Indebtedness there is delivered to the Master Trustee and DASNY: (i) an Officer’s Certificate certifying that the Debt Service Coverage Ratio for the most recent Fiscal Year for which there are Audited Financial Statements available, taking into account all Long-Term Indebtedness incurred since the date of the Audited Financial Statements and the proposed Long-Term Indebtedness, is not less than 1.10; or (ii) (A) an Officer’s Certificate certifying that the Debt Service Coverage Ratio for the most recent Fiscal Year for which there are Audited Financial Statements available, excluding the proposed Long-Term Indebtedness, is at least equal to 1.10, and (B) a written report of a Consultant demonstrating that the forecasted Debt Service Coverage Ratio is not less than 1.20 for (x) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years succeeding the date on which such capital improvements are forecasted to be in operation or (y) in the case of Long-Term Indebtedness not financing capital improvements or in the case of a Guaranty, each of the two full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the University for each such period; or (iii) evidence that the existing Long-Term Indebtedness then outstanding (excluding Non-Recourse Debt or Subordinate Debt), including the proposed Long-Term Indebtedness is rated at least BBB-/Baa3 from at least one Rating Agency. See “Appendix E - Summary of Certain Provisions of the Master Indenture - Supplemental Indenture for Obligation No. 1 - Supplements to Master Indenture relating to Series 2013A Authority Bonds - Limitations on Indebtedness” and “- Supplemental Indenture for Obligation No. 2 - Supplements to Master Indenture relating to Series 2013B Authority Bonds - Limitations on Indebtedness” for a complete description of the conditions under which the University may issue additional Obligations and Indebtedness under the Master Indenture.

Under certain conditions set forth in the Master Indenture, in addition to incurring Indebtedness represented by an Obligation, the University may incur debt in the form of Indebtedness incurred by the University that is not evidenced or secured by an Obligation issued under the Master Indenture. Such borrowings may be secured by senior liens on the Gross Revenues, other Permitted Liens on Property as permitted under the Master Indenture, and liens on Excluded Property, without limit. The senior liens on Gross Revenues are limited to securing Indebtedness in an amount not to exceed 10% of the Total Operating Revenues (as such term is defined in the Master Indenture) as set forth on the University’s then most recent audited financial statements. See “Appendix E - Summary of Certain Provisions of the Master Indenture” for a description of various financial covenants applicable to the University.

General

The Series 2013 Bonds will not be a debt of the State nor will the State be liable on them. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2013 Bonds except for DASNY’s responsibility to make payments from the applicable Revenues, and from amounts held in the funds and accounts established pursuant to the Series 2013A Resolution or the Series 2013B Resolution, respectively, and pledged therefor.

PART 3 -THE SERIES 2013 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2013 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2013A Resolution, the Series 2013B Resolution and the Loan Agreement, copies of which are on file with DASNY and the Trustee. See also “Appendix C - Summary of Certain Provisions of the Loan Agreement” and “Appendix D - Summary of Certain Provisions of the Resolution” for a more complete description of certain provisions of the Series 2013 Bonds.

The Series 2013 Bonds will be issued pursuant to the Resolutions. The Series 2013 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC’s book-entry only system. Purchases of beneficial interests in the Series 2013 Bonds will be made in book-

entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2013 Bonds, payments of the principal and Redemption Price of and interest on the Series 2013 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2013 Bonds is the responsibility of the DTC Participants. If at any time the book-entry only system is discontinued for the Series 2013 Bonds, the Series 2013 Bonds will be exchangeable for fully registered Series 2013 Bonds of the same Series in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “Book-Entry Only System” below and “Appendix D - Summary of Certain Provisions of the Resolution.”

Description of the Series 2013A Bonds

The Series 2013A Bonds are dated their date of delivery and bear interest from such date (payable May 1, 2013 and on each November 1 and May 1 thereafter) at the rates set forth on the inside cover page of this Official Statement. The Series 2013A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2013A Bonds will be payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2013A Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the interest payment date. If the Series 2013A Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2013A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

Redemption of the Series 2013A Bonds and Purchase in Lieu of Optional Redemption

The Series 2013A Bonds are subject to optional, mandatory and special redemption, and purchase in lieu of optional redemption as described below.

Optional Redemption of Series 2013A Bonds

The Series 2013A Bonds maturing on or before May 1, 2023 are not subject to optional redemption prior to maturity. The Series 2013A Bonds maturing after May 1, 2023 are subject to redemption prior to maturity at the option of DASNY, in consultation with the University, on or after May 1, 2023, in any order, as a whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2013A Bonds to be redeemed, plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption of Series 2013A Bonds

The Series 2013A Bonds maturing after May 1, 2023 also are subject to purchase in lieu of optional redemption prior to maturity at the election of the University, with the consent of DASNY, on or after May 1, 2023, in any order, as a whole or in part at any time, at a price equal to 100% of the principal amount of Series 2013A Bonds to be purchased (the “Purchase Price”), plus accrued interest to the date set for purchase (the “Purchase Date”).

Mandatory Redemption of Series 2013A Bonds

In addition, the Series 2013A Bonds maturing on May 1, 2033, May 1, 2038 and May 1, 2042 are subject to redemption, in part, on each May 1 of the years and in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount of Series 2013A Bonds to be redeemed, 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 May 1 of each year shown below, the principal amount of Series 2013A Bonds of each maturity specified for each of the years shown below:

Term Bond Maturing May 1, 2033		Term Bond Maturing May 1, 2038		Term Bond Maturing May 1, 2042	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2030	\$1,360,000	2034	\$1,590,000	2039	\$2,030,000
2031	1,410,000	2035	1,670,000	2040	2,115,000
2032	1,470,000	2036	1,750,000	2041	2,205,000
2033 [†]	1,530,000	2037	1,840,000	2042 [†]	2,295,000
		2038 [†]	1,930,000		

[†] Final Maturity

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2013A Bonds entitled to such Sinking Fund Installment (a) purchased with money in the Debt Service Fund pursuant to the Resolutions, (b) redeemed at the option of DASNY, (c) purchased by the University or DASNY and delivered to the Trustee for cancellation, or (d) deemed to have been paid in accordance with the Resolution. Series 2013A Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2013A Bonds so purchased payable on the next succeeding May 1. Series 2013A Bonds redeemed at the option of DASNY, purchased by DASNY or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, or one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2013A Bonds or the maturity so purchased will be reduced for such year.

Special Redemption of Series 2013A Bonds

The Series 2013A Bonds are subject to redemption prior to maturity at the option of DASNY, as a whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2013A Bonds to be redeemed, plus accrued interest to the redemption date, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the portion of the Series 2013A Project to which such proceeds relate, and which proceeds are not otherwise applied as permitted under the Master Indenture and the Loan Agreement and (ii) from unexpended proceeds of the Series 2013A Bonds upon the abandonment of all or a portion of the Series 2013A Project due to a legal or regulatory impediment.

Selection of Bonds to be Redeemed

In the case of redemptions of the Series 2013A Bonds at the option of DASNY, DASNY will select the principal amounts and maturities (including Sinking Fund Installments) of the Series 2013A Bonds to be redeemed. If less than all of the Series 2013A Bonds of a maturity of are to be redeemed, the Series 2013A Bonds to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee considers proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2013A Bonds in the name of DASNY, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owners of any Series 2013A Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than 10 days prior to the date such notice is given. Each notice of redemption may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient money to pay the Redemption Price of the Series 2013A Bonds to be redeemed. The failure of any owner of a Series 2013A Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2013A Bond.

DASNY's obligation to optionally redeem a Series 2013A Bond called for redemption may be conditioned upon the availability of sufficient money to pay the Redemption Price for all of the Series 2013A Bonds to be redeemed on the Redemption Date. If sufficient money is available on the Redemption Date to pay the Redemption Price of the Series 2013A Bonds to be redeemed, the former registered owners of such Series 2013A Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Redemption Price. If redemption has been conditioned upon the availability of sufficient money and sufficient money is not available on the Redemption Date for payment of the Redemption Price, the Series 2013A Bonds called for redemption will continue to be registered in the name of the registered owners on the Redemption Date, who will be entitled to the payment of the principal of and interest on such Series 2013A Bonds in accordance with their respective terms.

If on the redemption date money for the redemption of the Series 2013A Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, and if notice of redemption has been mailed, then interest on the Series 2013A Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2013A Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Optional Redemption and its Effect

Notice of purchase of the Series 2013A Bonds will be given in the name of the University to the registered owners of the Series 2013A Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2013A Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2013A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2013A Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2013A Bonds. Such Series 2013A Bonds need not be cancelled, and will remain Outstanding under the Resolutions and continue to bear interest.

The University's obligation to purchase a Series 2013A Bond or cause it to be purchased may be conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2013A Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2013A Bonds to be purchased, the former registered owners of such Series 2013A Bonds will have no claim thereunder or under the Resolutions or otherwise for payment of any amount other than the Purchase Price. If purchase has been conditioned upon the availability of sufficient money and sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2013A Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2013A Bonds in accordance with their terms.

If not all of the Outstanding Series 2013A Bonds of a maturity are to be purchased, the Series 2013A Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2013A Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2013A Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Description of the Series 2013B Bonds

The Series 2013B Bonds (also referred to in this Official Statement as the "Variable Rate Bonds") will initially be in the weekly R-FLOATs Rate Mode. Prior to the date the Variable Rate Bonds are converted from the R-FLOATs Rate Mode to another Mode, such Variable Rate Bonds may be purchased in fully registered form in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Variable Rate Bonds will mature as shown on the inside cover page. While the Variable Rate Bonds are in the R-FLOATs Rate Mode, other than Variable Rate Bonds in a Special R-FLOATs Rate Period, interest will be payable on the first Business Day of each month, commencing April 1, 2013. With respect to Variable Rate Bonds in a Special R-FLOATs Rate Period of 90 days or less, interest is payable on the first Business Day of the month following the last day of such Special R-FLOATs Rate Period, and, with respect to Variable Rate Bonds in a Special R-FLOATs Rate Period of more than 90 days, interest is payable on the first Business Day of each third month following the commencement of such Special R-FLOATs Rate Period and the first Business Day of the month following the last day of such Special R-FLOATs Rate Period. Interest on the Variable Rate Bonds will be calculated on the basis of a 360-day year for the number of days actually elapsed. The initial interest rate for the Variable Rate Bonds will be determined by Merrill Lynch, Pierce, Fenner & Smith Incorporated as the Remarketing Agent on or before the date of issue, and thereafter, the Remarketing Agent will redetermine the R-FLOATs Rate for each Interest Period, in the manner described herein, under "Determination of Interest Rates on Variable Rate Bonds" below.

The Variable Rate Bonds are subject to optional and mandatory tender as described herein while such bonds are in the R-FLOATs Rate Mode. Payment for Variable Rate Bonds which are tendered for purchase will be made only from the proceeds of the remarketing of such Variable Rate Bonds. Neither DASNY nor the University is obligated to pay the purchase price of any Variable Rate Bond tendered for purchase. For so long as the Variable Rate Bonds are in the R-FLOATs Rate Mode, the Variable Rate Bonds will not be supported by a letter of credit, line of credit, standby bond purchase agreement or any other liquidity facility.

The Resolutions provide for a Tender Agent for the Variable Rate Bonds. At the time the Variable Rate Bonds are issued, the Trustee will also serve as the Tender Agent.

From time to time, DASNY, at the direction of the University, may effect a change in Mode with respect to all or a portion of the Variable Rate Bonds. Any such conversion will result in the mandatory tender of all of the Variable Rate Bonds being converted on the date such Mode change becomes effective. See “Change of Mode of Variable Rate Bonds” below.

The method for determining the interest rate on all or a portion of the Variable Rate Bonds may be converted from time to time to a Daily Rate, a Commercial Paper Rate, a Weekly Rate, a Term Rate or a Fixed Rate.

Interest on the Variable Rate Bonds will be payable by check mailed to the registered owners thereof. The principal or redemption price of the Variable Rate Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent. As long as the Variable Rate Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See “Book-Entry Only System” herein.

This Official Statement, in general, describes the Variable Rate Bonds only during the R-FLOATs Rate Mode.

For a more complete description of the Variable Rate Bonds, see “Appendix D - Summary of Certain Provisions of the Resolutions.”

Determination of Interest Rates on the Variable Rate Bonds

The Variable Rate Bonds will bear interest from the date of original issuance in the R-FLOATs Rate Mode to and including March 13, 2013 at the initial interest rates determined by the Remarketing Agent. Thereafter, and while the Variable Rate Bonds are in the R-FLOATs Rate Mode (except during a Special R-FLOATs Rate Period in which case interest will accrue at the R-FLOATs Rate determined pursuant to the applicable Bond Series Certificate and except during any Non-Remarketing Period in which case interest will accrue at the applicable Maximum Rate pursuant to the Resolutions), the Remarketing Agent will establish the applicable R-FLOATs Rates which will be the lowest rates which in the opinion of the Remarketing Agent will result in the sale of the Variable Rate Bonds in the R-FLOATs Rate Mode at par plus accrued interest by 10:00 a.m. New York City time on each R-FLOATs Mode Rate Determination Date. The applicable R-FLOATs Rate will be in effect during the applicable R-FLOATs Rate Period. The Remarketing Agent will make the R-FLOATs Rate available after 10:00 a.m. New York City time on the R-FLOATs Mode Rate Determination Date by telephone or electronic means to DASNY, the Trustee, the University and any Beneficial Owner requesting such rate. The R-FLOATs Mode Rate Determination Date for the Variable Rate Bonds will be March 14, 2013 and thereafter R-FLOATs Mode Rate Determination Dates for Variable Rate Bonds in the weekly R-FLOATs Mode will occur every Thursday subject to certain conditions and exceptions. While the Variable Rate Bonds are in the weekly R-FLOATs Rate Mode, each subsequent R-FLOATs Period is to begin on a Thursday, resulting in R-FLOATs Periods of approximately seven days, unless such a day is not a Business Day in which case the R-FLOATs Period is to begin on the next Business Day.

The applicable R-FLOATs Rate will be in effect (i) with respect to the Variable Rate Bonds bearing interest at a weekly R-FLOATs Rate, commencing on the first day the Variable Rate Bonds begin to accrue interest in the weekly R-FLOATs Rate Mode and ending on the next succeeding Wednesday, and thereafter commencing on each Thursday and ending on Wednesday of the following week subject to certain conditions and exceptions; (ii) with respect to the Variable Rate Bonds bearing interest at a monthly R-FLOATs Rate, commencing on the first day the Variable Rate Bonds begin to accrue interest in the monthly R-FLOATs Rate Mode and ending on the day immediately preceding the first Business Day of the next succeeding month, and thereafter commencing on the first Business Day of each month and ending on the day preceding the first Business Day of the next succeeding month; and (iii) with respect to the Variable Rate Bonds in a Special R-FLOATs Rate Period, for a period not to exceed 1,095 days commencing on the first day the Variable Rate Bonds begin to accrue interest in the Special R-FLOATs Rate Period and ending on the last day of a month.

In the event that the Variable Rate Bonds are in an R-FLOATs Rate Mode and are not rated “BBB-” or higher by at least one rating agency, then not later than 1:00 p.m. New York City time on the Business Day immediately preceding the next Interest Payment Date the Remarketing Agent will establish the maximum period for a Special R-FLOATs Rate Period for such Variable Rate Bonds, which maximum Special R-FLOATs Rate Period will be made available after 1:00 p.m. New York City time on the Business Day immediately prior to the R-FLOATs Mode Rate Determination Date by posting it electronically via L.P.’s Bloomberg Professional System and by telephone to DASNY, the Trustee, the University and to any Beneficial Owner requesting such information. By no later than 10:00 a.m. New York City time on the R-FLOATs Mode Rate Determination Date, the Remarketing Agent will select a Special R-FLOATs Rate Period which will be the shortest period, but in no event longer than the maximum Special R-FLOATs Rate Period previously announced, and a rate for the Variable Rate Bonds which will be the

lowest rate which in the judgment of the Remarketing Agent would result in the sale of the Variable Rate Bonds at par plus accrued interest. The Remarketing Agent will make the selected rates and Special R-FLOATs Rate Period available (i) after 10:00 a.m. New York City time on the R-FLOATs Mode Rate Determination Date by telephone or Electronic Means to DASNY, the Trustee, the University and to any Beneficial Owner requesting such information. In the event the Remarketing Agent is unable to set a Special R-FLOATs Rate Period and rates which will produce a sale of the Variable Rate Bonds at par plus accrued interest, the Variable Rate Bonds in the R-FLOATs Rate Mode will bear interest at the applicable Maximum Rate as determined pursuant to the Resolution. In addition, DASNY, with the consent of the University, may elect to have the Variable Rate Bonds converted into a Special R-FLOATs Rate Period having a duration of its choosing by giving at least 30 days' notice to the Trustee and the Tender Agent. Notice of such Special R-FLOATs Rate Period will be given in the same manner as the notice of the maximum Special R-FLOATs Rate Period set forth above.

If the R-FLOATs Rate for an R-FLOATs Rate Period is not established by the Remarketing Agent as set forth above, the new R-FLOATs Rate Period shall be a weekly R-FLOATs Rate Period and the new R-FLOATs Rate shall be the same as the immediately preceding R-FLOATs Rate for seven days and thereafter the R-FLOATs Rate shall be established in accordance with the rate setting formula (described below). If the R-FLOATs Rate for an R-FLOATs Rate Period is not established because (a) no Remarketing Agent is serving with respect to the Variable Rate Bonds, (b) the R-FLOATs Rate established for the Variable Rate Bonds is held to be invalid or unenforceable with respect to an R-FLOATs Rate Period, or (c) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish an R-FLOATs Rate, then the R-FLOATs Rate Period and R-FLOATs Rate shall be as follows: (i) the new R-FLOATs Rate Period shall be a weekly R-FLOATs Rate Period and (ii) the new R-FLOATs Rate shall be a rate of interest per annum equal to the greater of (Y) One-Month LIBOR plus the Spread, or (Z) the Alternate Rate, but in no event in excess of the Maximum Rate (the "rate setting formula").

Payment of Interest on the Variable Rate Bonds

While the Variable Rate Bonds are in the R-FLOATs Rate Mode, interest accrued through the day prior to the first Business Day of each month will be payable on the first Business Day of each month commencing on April 1, 2013. Interest on the Variable Rate Bonds is payable to each person whose name appears on the registration books of the Trustee as the owner thereof on the applicable Record Date (except for defaulted interest, which is payable to the owners of the Variable Rate Bonds as of a Special Record Date to be established by the Trustee) immediately preceding each Interest Payment Date.

Non-Remarketed Variable Rate Bonds

If the Remarketing Agent cannot successfully remarket the Variable Rate Bonds which are the subject of an optional tender or mandatory purchase (each a "Non-Remarketed Bond"), a Bondholder does not have the right to have such Non-Remarketed Bond purchased upon tender from any source, including DASNY or the University. The Variable Rate Bonds will not initially be supported by a letter of credit, line of credit, standby bond purchase agreement or other liquidity facility. If any Variable Rate Bond in the R-FLOATs Rate Mode is optionally tendered for purchase or is subject to mandatory purchase and either (a) the Remarketing Agent, after using its reasonable best efforts, is unable to remarket such Variable Rate Bond at the Purchase Price by 2:00 p.m. New York City time on the Purchase Date or Mandatory Purchase Date (whether such inability is due to market conditions or otherwise), or (b) such Variable Rate Bond is returned to the owner thereof pursuant to the Resolutions because sufficient funds are not available for the purchase of all tendered Variable Rate Bonds required to be purchased on the Purchase Date, then, from such Purchase Date or Mandatory Purchase Date until the date on which all Variable Rate Bonds that have been tendered or are subject to mandatory tender are successfully remarketed at the Purchase Price (the "Non-Remarketing Period"), the Variable Rate Bonds which were tendered will bear interest for a new Interest Period which will be the same as the Interest Period just concluded (unless such Interest Period was a Special R-FLOATs Rate Period, in which case such Variable Rate Bonds will bear interest for a monthly Interest Period), and in either case will bear interest at the applicable Maximum Rate. Following the Non-Remarketing Period, such Variable Rate Bonds will (unless converted to a different Mode) bear interest at a rate determined by the Remarketing Agent pursuant to the applicable Bond Series Certificate.

During the Non-Remarketing Period, the Remarketing Agent will continue to use its best efforts each Business Day to remarket the Variable Rate Bonds which were tendered in the R-FLOATs Rate Mode at the Purchase Price applicable to such Bonds. In connection therewith, the Remarketing Agent may consider the day on which such Variable Rate Bonds are successfully remarketed at the Purchase Price to be a R-FLOATs Mode Rate Determination Date for such Variable Rate Bonds in the R-FLOATs Rate Mode.

Tender of Variable Rate Bonds

With respect to procedures to be followed by Beneficial Owners in connection with the tender of Variable Rate Bonds held by Cede & Co., as nominee of DTC, see the caption herein below entitled, “Book-Entry Only System.” The following discussion is subject in its entirety to the provisions described in such section with respect to the Variable Rate Bonds in the book-entry only system of Cede & Co., as nominee of DTC, and the provisions of the Resolution will be applicable only to Cede & Co., as the registered owner of the Variable Rate Bonds, unless and until the Variable Rate Bonds are no longer in such book-entry only system.

Optional Tender of Variable Rate Bonds. Subject to the limitations described under the caption “Non-Remarketed Variable Rate Bonds” above, Beneficial Owners of Variable Rate Bonds in the R-FLOATs Rate Mode may elect to have their Variable Rate Bonds (or portions of their Variable Rate Bonds in amounts equal to \$100,000 and any integral multiple of \$5,000 in excess thereof) purchased on any Business Day in the case of Variable Rate Bonds in a weekly R-FLOATs Rate Mode, on any Interest Payment Date in the case of Variable Rate Bonds in a monthly R-FLOATs Rate Mode and on the Interest Payment Date immediately following a Special R-FLOATs Rate Period in the case of Variable Rate Bonds in a Special R-FLOATs Rate Period, in each case at a Purchase Price equal to the principal amount, plus accrued interest, if any, thereon on the Purchase Date therefor upon delivery of a telephonic irrevocable notice of tender to the Remarketing Agent and the Tender Agent, subsequently confirmed in writing on the same day, not later than 5:00 p.m. New York City time on the fifth Business Day prior to the applicable Purchase Date. Notice of tender must contain the principal amount of such Variable Rate Bond to be purchased, the Purchase Date on which such Variable Rate Bond is to be purchased, and applicable payment instructions with respect to the Variable Rate Bonds being tendered for purchase. The Remarketing Agent shall give prompt notice of such notice of tender to the Tender Agent. See “Payment of Purchase Price of Variable Rate Bonds” below for additional information regarding procedures for tendering Variable Rate Bonds and payment of the Purchase Price.

Mandatory Tender and Purchase of Variable Rate Bonds. The Variable Rate Bonds in the R-FLOATs Rate Mode are subject to mandatory tender for purchase on each Conversion Date at a Purchase Price equal to the principal amount thereof plus accrued and unpaid interest, if any, thereon. Whenever Variable Rate Bonds are to be tendered for purchase upon Conversion to a new Rate Mode, the Tender Agent is to give notice of such mandatory tender and purchase as part of the Conversion Notice as described under the caption “Change of Mode of Variable Rate Bonds” below.

Payment of Purchase Price of Variable Rate Bonds

The Tender Agent is required to pay, solely from Available Moneys, the Purchase Price of tendered and remarketed Variable Rate Bonds by 2:30 p.m. New York City time on the Purchase Date or the Mandatory Purchase Date; provided, however, while the Variable Rate Bonds are in the R-FLOATs Rate Mode, the failure to pay the Purchase Price of unremarketed tendered Variable Rate Bonds does not constitute an Event of Default under the Resolution. In such event, the tender will not be effective, the existing owners will continue to own the Variable Rate Bonds and the Variable Rate Bonds will bear interest for a new R-FLOATs Rate Period which shall be the same as the R-FLOATs Rate Period just concluding unless such R-FLOATs Rate Period was a Special R-FLOATs Rate Period, in which case the new R-FLOATs Rate Period shall be a weekly R-FLOATs Rate Interest Period and the Bonds shall bear interest at the Maximum Rate.

From and after the Purchase Date or the Mandatory Purchase Date, no further interest on the Variable Rate Bonds will be payable to the tendering owners thereof, provided that there are sufficient funds available on the Purchase Date or the Mandatory Purchase Date to pay the Purchase Price. Interest will not cease to accrue on the tendered Variable Rate Bonds in the event that no purchase is consummated. See “Non-Remarketed Variable Rate Bonds” herein.

While the Variable Rate Bonds are registered in the name of Cede & Co., the right of any Beneficial Owner to tender its interest in any Variable Rate Bond and receive payment therefor will be based solely upon and subject to the procedures and limitations of the book-entry only system, including the contractual arrangement of such Beneficial Owner with one of the Direct Participants or Indirect Participants and the contractual arrangements of such Direct Participants or Indirect Participants with DTC.

So long as the book-entry only system for the Variable Rate Bonds is maintained, there will be no requirement of physical delivery of any Variable Rate Bond subject to mandatory or optional purchase as a condition to the payment of the Purchase Price therefor. If at any time the Variable Rate Bonds are no longer in the book-entry only System, payment of the Purchase Price will not be made unless the tendered Variable Rate Bond is delivered to the Tender Agent in conformity with the Resolution.

Change of Mode of Variable Rate Bonds

Mode Change Notice; Notice to Owners. No later than 15 days prior to any proposed Conversion Date, or such shorter period as the depository for the Variable Rate Bonds will permit while the Variable Rate Bonds are in book-entry form, DASNY, at the direction of the University, will provide written notice (the “Conversion Notice”) to the University, the Trustee, the Tender Agent, the Remarketing Agent and S&P, specifying (a) the date of the Conversion, (b) the Rate Mode that will be effective upon such Conversion (the “New Mode”), and (c) if the change is to a Term Rate Mode, the length of the initial Term Rate Period as set by DASNY with the consent of the University. Notice of the proposed Conversion will be given by the Tender Agent to the owners of the applicable Variable Rate Bonds as soon as practicable but in any event not more than three days after such notice is received by the Tender Agent. Such notice to the owners of the Variable Rate Bonds shall, in addition to the information provided in the Conversion Notice described above and the conditions to the Conversion described below, state, among other things, that the Variable Rate Bonds will be subject to mandatory tender and purchase on the Conversion Date and the Purchase Price therefor. Neither the failure to mail the foregoing notice to any holder of the Variable Rate Bonds to be converted nor any defect therein shall affect the validity of any Rate, the change in the Rate Mode or Rate Modes, the mandatory tender on the Conversion Date of Variable Rate Bonds to be converted, or extend the period for tendering any Variable Rate Bonds for purchase.

Determination of Interest Rates. The New Mode will commence on the Conversion Date and the interest rate(s) will be determined by the Remarketing Agent in the manner provided in the Resolution and the applicable Bond Series Certificate, as applicable to the New Mode.

Conditions Precedent. In order to cause a Conversion to a New Mode, the following conditions must be satisfied:

(a) The Conversion Date (other than for a conversion to a Term Rate Mode or a Fixed Rate Mode) must be a Reset Date if the Variable Rate Bonds are in the R-FLOATs Rate Mode. If the change is to a Term Rate Mode or Fixed Rate Mode the Conversion Date must be on an Interest Payment Date.

(b) No Event of Default under the Resolution shall have occurred and be continuing on the Conversion Date.

(c) On or prior to 11:00 a.m., New York City time, on the day that DASNY delivers a Conversion Notice, the University shall cause to be delivered to DASNY a letter from Bond Counsel stating that, based on then current law, such Bond Counsel knows of no reason why an Opinion of Bond Counsel could not be rendered on the Conversion Date.

(d) On or prior to 11:00 a.m., New York City time, on the Conversion Date, the University shall cause to be delivered to DASNY, the Trustee, the Tender Agent, the University and the Remarketing Agent, if any, an Opinion of Bond Counsel with respect to the proposed Conversion.

(e) If any of the Variable Rate Bonds are to be converted to the Daily Rate Mode, the Commercial Paper Rate Mode, Weekly Rate Mode or a Term Rate Mode for a Term Rate Period of five years or less, on or prior to the Conversion Date, a Remarketing Agent shall have been appointed for the Variable Rate Bonds to be converted and the University shall have caused to be delivered to DASNY, the Trustee, the Tender Agent, the University and the Remarketing Agent (i) rating confirmations of S&P, and (ii) the Liquidity Facility to be provided and the related Reimbursement Agreement.

(f) On the Business Day preceding a scheduled Conversion Date, the Remarketing Agent shall not have notified the Trustee, DASNY, the University, and the Provider that the Variable Rate Bonds cannot be remarketed.

(g) On or prior to the Business Day preceding a Conversion Date, DASNY shall not have notified the Remarketing Agent, the Provider and the Trustee of the University’s election not to convert such Variable Rate Bonds to the new Rate Mode.

Failure to Satisfy Conditions Precedent to Mode Change. If the foregoing conditions have not been satisfied by the Conversion Date, the New Mode will not take effect and the Variable Rate Bonds will remain in the R-FLOATs Rate Mode with interest rates established in accordance with the applicable Bond Series Certificate, provided that, if notice has been sent to the owners that the Variable Rate Bonds are subject to mandatory tender on the proposed Mode Change Date, then the Variable Rate Bonds will be subject to mandatory purchase on such date and will be purchased on such date if all of the Variable Rate Bonds are remarketed. If, however, all of the Variable Rate Bonds are not remarketed, the tender will not be effective, the existing owners will continue to own the Variable Rate

Bonds and the Variable Rate Bonds will bear interest for a new R-FLOATs Rate Period which shall be the same as the R-FLOATs Rate Period just concluding unless such R-FLOATs Rate Period was a Special R-FLOATs Rate Period, in which case the new R-FLOATs Rate Period shall be a weekly R-FLOATs Rate Interest Period and the Bonds shall bear interest at the Maximum Rate.

Redemption and Purchase in Lieu of Redemption of Variable Rate Bonds

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

Optional Redemption of Variable Rate Bonds

The Variable Rate Bonds, while in an R-FLOATs Rate Mode, are subject to redemption prior to maturity on any Interest Payment Date, in whole or in part, at the option of DASNY, in consultation with the University, at a Redemption Price equal to 100% of the principal amount of the Variable Rate Bonds to be redeemed, plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption of Variable Rate Bonds

The Variable Rate Bonds, while in an R-FLOATs Rate Mode, are subject to purchase in lieu of optional redemption prior to maturity at the election of the University, with the consent of DASNY, on any Interest Payment Date, in any order, as a whole or in part, at a Purchase Price equal to 100% of the Variable Rate Bonds to be purchased, plus accrued interest to the Purchase Date.

Mandatory Redemption of Variable Rate Bonds

The Variable Rate Bonds shall be subject to redemption, in part, on each May 1 of the years and in the respective principal amounts set forth below, at Redemption Price equal to 100% of the principal amount of the Variable Rate Bonds to be redeemed, 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 May 1 of each year shown below in the principal amount of Variable Rate Bonds specified for each of the years shown below:

<u>Series 2013B Bonds</u>			
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2014	\$540,000	2025	\$ 880,000
2015	565,000	2026	920,000
2016	585,000	2027	960,000
2017	615,000	2028	1,005,000
2018	645,000	2029	1,050,000
2019	670,000	2030	1,100,000
2020	700,000	2031	1,150,000
2021	735,000	2032	1,200,000
2022	770,000	2033	1,255,000
2023	805,000	2034	1,310,000
2024	840,000	2035 [†]	1,370,000

[†] Final Maturity

Notwithstanding the foregoing, the date on which a Sinking Fund Installment shall be due when the Variable Rate Bonds are in the R-FLOATs Rate Mode (other than during a Special R-FLOATs Rate Period) shall be either the dates set forth above or, if any such date is not a Business Day, the first Business Day next succeeding such date.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Variable Rate Bonds entitled to such Sinking Fund Installment (a) purchased with money in the Debt Service Fund pursuant to the Resolutions, (b) redeemed at the option of DASNY, (c) purchased by the University or DASNY and delivered to the Trustee for cancellation, or (d) deemed to have been paid in accordance with the Resolution. Variable Rate Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Variable Rate Bonds so purchased payable on the next succeeding May 1. Variable Rate Bonds redeemed at the option of DASNY, purchased by DASNY or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation, or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY’s obligation

to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Variable Rate Bonds or the maturity so purchased will be reduced for such year.

Selection of Bonds to be Redeemed

In the case of redemptions of the Variable Rate Bonds at the option of DASNY, DASNY will select the principal amounts and maturities (including Sinking Fund Installments) of the Variable Rate Bonds to be redeemed. If less than all of the Variable Rate Bonds of a maturity are to be redeemed, the Variable Rate Bonds to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee considers proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Variable Rate Bonds in the name of DASNY, 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 Variable Rate Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than 10 Business Days prior to the date such notice is given. The failure of any owner of a Variable Rate Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Variable Rate Bond. Each such notice shall state that the redemption is conditioned on the availability on the redemption date of sufficient money to pay the Redemption Price of the Variable Rate Bonds to be redeemed.

DASNY's obligation to optionally redeem a Variable Rate Bond called for redemption may be conditioned upon the availability of sufficient money to pay the Redemption Price for all of the Variable Bonds to be redeemed on the Redemption Date. If sufficient money is available on the Redemption Date to pay the Redemption Price of the Variable Rate Bonds to be redeemed, the former registered owners of such Variable Rate Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Redemption Price. If redemption has been conditioned upon the availability of sufficient money and sufficient money is not available on the Redemption Date for payment of the Redemption Price, the Variable Rate Bonds called for redemption will continue to be registered in the name of the registered owners on the Redemption Date, who will be entitled to the payment of the principal of and interest on such Variable Rate Bonds in accordance with their respective terms.

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

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Variable Rate Bonds will be given in the name of the University to the registered owners of the Variable Rate Bonds to be purchased by first-class mail, postage prepaid, not less than 15 days nor more than 30 days prior to the purchase date specified in such notice. The Variable Rate Bonds to be purchased are required to be tendered on the Tender Date to the Trustee. Variable Rate Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. In the event the Variable Rate Bonds are called for purchase in lieu of an Optional Redemption, such purchase shall not operate to extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Variable Rate Bonds and such Variable Rate Bonds need not be cancelled, but shall remain Outstanding under the Resolution and in such case shall continue to bear interest.

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

In the event not all of the Outstanding Variable Rate Bonds of a maturity are to be purchased, the Variable Rate Bonds of such maturity to be purchased will be selected by lot in the same manner as Variable Rate Bonds of a maturity to be redeemed in part are to be selected.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2013 Bonds. The Series 2013 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2013 Bond certificate will be issued for each maturity of the Series 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with Direct Participants, “DTC Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2013 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2013 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2013 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2013 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2013 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2013 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2013 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY 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 Underwriters, the Trustee or DASNY, 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 DASNY or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

DTC may discontinue providing its services as depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to DASNY or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2013 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2013 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Direct or Indirect Participant acquires an interest in the Series 2013 Bonds, as nominee, may desire to make arrangements with such Direct or Indirect Participant to receive a credit balance in the records of such Direct or Indirect Participant, and may desire to make arrangements with such Direct or Indirect Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Direct or Indirect Participant and to have notification made of all interest payments. **NEITHER DASNY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2013 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2013 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2013 Bonds (other than under the caption "PART 11 - TAX MATTERS" herein) means Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2013 Bonds.

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

For every transfer and exchange of Series 2013 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NONE OF DASNY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2013 BONDS UNDER THE RESOLUTIONS;

(III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2013 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2013 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2013 BONDS; OR (VI) ANY OTHER MATTER.

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the University during each 12-month period ending April 30 of the Bond Years shown for the principal of and interest on the Series 2013 Bonds (rounded to the nearest dollar).

<u>12 Month Period Ending April 30</u>	<u>Series 2013A Bonds</u>		<u>Series 2013B Bonds</u>		<u>Total Debt Service on the Series 2013 Bonds⁽¹⁾</u>
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments⁽¹⁾</u>	
2013		\$ 656,117		\$120,206	\$ 776,322
2014	\$2,900,000	4,374,113	\$ 540,000	797,728	8,611,840
2015	2,960,000	4,316,113	565,000	775,828	8,616,940
2016	3,050,000	4,227,313	585,000	754,977	8,617,289
2017	3,170,000	4,105,313	615,000	729,189	8,619,501
2018	3,330,000	3,946,813	645,000	704,247	8,626,060
2019	3,460,000	3,813,613	670,000	678,089	8,621,701
2020	3,635,000	3,640,613	700,000	652,700	8,628,312
2021	3,780,000	3,495,213	735,000	622,528	8,632,740
2022	4,900,000	3,306,213	770,000	592,719	9,568,932
2023	5,090,000	3,110,213	805,000	561,492	9,566,704
2024	5,350,000	2,855,713	840,000	530,293	9,576,006
2025	5,615,000	2,588,213	880,000	494,778	9,577,990
2026	5,895,000	2,307,463	920,000	459,089	9,581,551
2027	6,190,000	2,012,713	960,000	421,778	9,584,490
2028	6,495,000	1,703,213	1,005,000	383,893	9,587,106
2029	6,825,000	1,378,463	1,050,000	342,086	9,595,549
2030	1,360,000	1,037,213	1,100,000	299,503	3,796,715
2031	1,410,000	982,813	1,150,000	254,892	3,797,704
2032	1,470,000	926,413	1,200,000	208,823	3,805,236
2033	1,530,000	867,613	1,255,000	159,586	3,812,199
2034	1,590,000	806,413	1,310,000	108,689	3,815,101
2035	1,670,000	726,913	1,370,000	55,561	3,822,474
2036	1,750,000	643,413	-	-	2,393,413
2037	1,840,000	555,913	-	-	2,395,913
2038	1,930,000	463,913	-	-	2,393,913
2039	2,030,000	367,413	-	-	2,397,413
2040	2,115,000	281,138	-	-	2,396,138
2041	2,205,000	191,250	-	-	2,396,250
2042	2,295,000	97,538	-	-	2,392,538

⁽¹⁾ Interest on the Series 2013B Bonds is assumed to accrue at the rate of 4.0% per annum.

PART 4 - PLAN OF FINANCE

Proceeds of the Series 2013A Bonds will be used (a) to finance a portion of the Series 2013A Project, as more fully described below, (b) together with other available funds, to refund the \$70,900,000 outstanding principal amount of the Series 2005A Bonds, (c) to fund the cost of terminating the interest rate swap agreement associated with the Series 2005A Bonds, and (d) to pay the Costs of Issuance of the Series 2013A Bonds. Proceeds of the Series 2013B Bonds will be used (a) together with other available funds, to refund the \$38,350,000 outstanding principal amount of the Series 2005B Bonds, and (b) to pay the Costs of Issuance of the Series 2013B Bonds.

The Series 2013A Project consists of the following:

At the New York City Campus, the proceeds of the Series 2013A Bonds will be used to renovate, construct, equip and/or furnish the University’s facilities at One Pace Plaza, 140 and 157-163 William Street, 41 Park Row and 106-108 Fulton Street, including interior and exterior renovation and repair of such buildings and technology improvements to academic, administrative and other facilities within such buildings. The proceeds of the Series 2013A Bonds also may be used to renovate, construct, equip and/or furnish the University’s facilities at 180 Broadway, 156 William Street, and 551 Fifth Avenue.

In Westchester, the proceeds of the Series 2013A Bonds, will be used to pay for (i) the preliminary development costs of the Master Plan at the Pleasantville Campus and (ii) the repair, replacement and/or upgrade of exterior structures and roofs, elevators and mechanical and other infrastructure, and technology improvements to academic, administrative and other facilities at the White Plains Campus. For a description of the Westchester Master Plan, see “PART 6 – THE UNIVERSITY - Campus Facilities - *Westchester Master Plan*.”

A portion of the proceeds of the Series 2013A Bonds and the Series 2013B Bonds, together with other available moneys, will be used to currently refund the Refunded Bonds, which were issued as variable rate demand bonds. Upon issuance of the Series 2013 Bonds, a portion of the proceeds of the Series 2013 Bonds will be deposited in escrow with the trustee for the Refunded Bonds in an amount which, together with other funds available therefor, will be sufficient to pay the redemption price of and interest on the Refunded Bonds to the date fixed for redemption, and the purchase price of such Refunded Bonds upon any intervening optional tender thereof. See “PART 18 - VERIFICATION OF MATHEMATICAL COMPUTATIONS.” It is expected that all of the Refunded Bonds will be redeemed on an interest payment date within ninety days of the date of delivery of the Series 2013 Bonds, at a redemption price equal to 100% of the outstanding principal amount of Refunded Bonds.

PART 5 -ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows (rounded to the nearest dollar):

Sources of Funds

Principal Amount of Series 2013 Bonds	\$115,510,000
Plus: Net Original Issue Premium.	8,935,845
Funds on Deposit with the Refunded Bonds Trustee.	12,025,191
University Contribution	<u>19,000,000</u>
Total Sources	<u>\$155,471,036</u>

Uses of Funds

Deposit to the Refunding Account.	\$110,804,671
Deposit to the Construction Fund	33,000,000
Swap Termination	9,700,000
Costs of Issuance.	1,120,172
Underwriters’ Discount.	<u>846,193</u>
Total Uses.	<u>\$155,471,036</u>

PART 6 - THE UNIVERSITY

GENERAL INFORMATION

Introduction

The University is an independent, non-sectarian, non-profit institution with campuses in New York City and Westchester County. The University was founded in 1906 by Homer and Charles Pace as a school for accounting. In 1948, the school was granted college status by the New York State Board of Regents. Pace received accreditation by the Middle States Association of Colleges and Schools in 1957 and gained full university status in 1973.

The University enrolls approximately 12,800 students in bachelors, masters, and doctoral programs in the Dyson College of Arts and Sciences, Lubin School of Business, Seidenberg School of Computer Science and Information Systems, College of Health Professions, School of Education and Law School. The University offers

110 undergraduate majors and dual degree programs, 50 master's programs, seven doctoral programs, and 42 certificate programs. The University's campuses include New York City, Pleasantville/Briarcliff, the Law School in White Plains and the Graduate Center in downtown White Plains.

The University's mission is to prepare students to succeed in a wide range of professions. The Pace curriculum combines a strong liberal arts foundation with professional education that emphasizes career readiness and experiential learning, including one of the largest internship programs in the nation. During the last three years, the University sponsored more than 12,000 internships, practical and fieldwork experiences for undergraduate and graduate students related to their fields of study.

The University offers a range of academic programs pertaining to environmental issues. The University offers undergraduate, graduate, law and joint degree programs with an environmental focus. The environmental law program at Pace Law School has been ranked as one of the top in the nation for the past 20 years by *U.S. News and World Report*.

Dyson College of Arts and Sciences

The Dyson College of Arts and Sciences ("Dyson") enrolled 3,962 undergraduate students and 791 graduate students as of the Fall 2012 semester, and offers the following degrees: AA, BA, BFA, BS, MA, MFA, MPA, MS and PsyD. Dyson has just been approved to offer a Ph.D. in Mental Health Counseling, with the initial class being recruited for the Fall 2013 semester. Dyson also offers combined Bachelor's/Master's degrees internally as well as Bachelor's/JD degrees and Bachelor's/MST degrees, jointly with Pace Law School and the School of Education, respectively. Dyson also provides most of the core liberal arts curriculum taken by all undergraduates enrolled in bachelor's degree programs at Pace.

Dyson's Fall 2012 enrollments have grown by 935 students at the undergraduate level and 78 students at the graduate level since the Fall 2007 semester, for a total growth over the last five years of 1,013, or 27%. The University attributes this increase to development of new majors and to improved retention.

The most notable area of growth in undergraduate programs is the performing arts program on the New York City campus. Demand for these programs is such that admission has become highly competitive; for the Fall 2012 semester there were approximately 1,200 applicants for 165 spaces in the undergraduate performing arts programs. Dyson's graduate programs also include the Actors Studio Drama School MFA program, which includes the *Inside the Actors Studio* television broadcast. To allow for expansion of the performing arts programs, the University recently entered into a long-term lease of a building at 140 William Street, which was reconfigured as a modern performing arts educational center.

On the Pleasantville campus, Dyson features new \$7 million state-of-the art laboratories, including a new environmental science suite in the Dyson Hall of Science. Dyson environmental programs include the MS in Environmental Science, the BS in Environmental Science and the BA in Environmental Studies, as well as accelerated bachelor's/master's MPA and/or JD degrees (jointly with the Pace Law School). Dyson also houses the Environmental Center on the Pleasantville campus which coordinates various environmental outreach programs.

Dyson's Department of Economics is home to the College Federal Reserve Challenge team, which came in first in the Second District semi-final round and came in third in its first appearance in the national finals. Dyson's Pleasantville and New York Model UN teams won more awards than any other university's team in the 2012 National Model United Nations conference in New York City.

Lubin School of Business

The Lubin School of Business ("Lubin") enrolled 2,661 undergraduate students and 1,235 graduate students as of the Fall 2012 semester, and offers the following degrees: BBA, BS, BBA/MBA, BBA/MS, MBA, MBA/JD, MS, and DPS. Lubin's primary majors include accounting, marketing, finance and general management.

Lubin's focus is the application of theory to practice and experience-based learning through competitions, consultancies, simulations and internships. *U.S. News & World Report's* 2013 Best Colleges Short List, published in September 2012, ranks Pace in the national Top 5 and No. 1 in the New York metropolitan area for students holding the most internships during their undergraduate studies.

In recent years, a series of new academic programs has been launched including five new MS programs, two new five-year programs, two new undergraduate concentrations, and multiple revisions to current programs. Among these were a new BBA in Management, Arts and Entertainment Management, which build on Pace's growing

performing arts program. A minor is also available for non-business students. Also, Lubin's Entrepreneurship programs have been enriched by the addition of labs on both campuses.

Lubin's finance programs have recently been recognized by two professional certification organizations – the CFA Institute and the Global Association of Risk Professionals (GARP). A professional certification program for financial compliance professionals, the CCRP™ is offered by Lubin's new Center for Global Governance, Reporting and Regulation.

Seidenberg School of Computer Science and Information Systems

The Seidenberg School of Computer Science and Information Systems ("Seidenberg") enrolled 614 undergraduate students and 404 graduate students as of the Fall 2012 semester, and offers the following degrees: AS, BA, BS, MS, DPS. Seidenberg is one of the first comprehensive schools of computing in the country and the first and one of only three Centers of Academic Excellence in Information Assurance Education in the New York Metropolitan Area, as designated by the National Security Agency and the Department of Homeland Security. Seidenberg is the first academic institution on the east coast to partner with IEEE (Institute of Electrical and Electronics Engineers) Computer Society to prepare graduate students to be Certified Software Development Associates. Seidenberg is introducing new courses in emerging areas related to information systems as part of a strategic plan to launch new academic degrees in telehealth, cybersecurity, and additional areas, including a planned Ph.D. program in Computer Science.

College of Health Professions/Lienhard School of Nursing

The College of Health Professions ("CHP") includes the Lienhard School of Nursing ("Lienhard") and the Physician Assistant Studies Program, which is one of the most competitive programs at Pace. CHP enrolled 469 undergraduate students and 604 graduate students as of the Fall 2012 semester, and offers the following certificates and degrees: BS and BSN, MA, MS, Certificate of Advanced Graduate Study, DNP, Masters in Physician Assistant Studies, and the Physician Assistant Masters Degree Completion Program. The Family Nurse Practitioner Program was one of the first in New York State, and was nationally ranked by *U.S. News & World Report* in 2011. Through Pace's online degree completion program, iPace, CHP offers the RN/BS Completion Program.

CHP recently expanded in new space on the New York City campus at 163 William Street. The space includes a state of the art Clinical Education Lab ("CEL") with simulation rooms, which include high technology mannequins that can be programmed to simulate patient conditions, a control room, debriefing rooms, classrooms, primary care encounter rooms, videoconference rooms and offices. A major focus in the CEL is improving patient outcomes and all simulations are captured on digital video, enabling instructors to review and debrief with students. In addition, students work with "standardized patients," professional actors who are specially trained in various diseases or health care situations.

School of Education

The School of Education enrolled 177 undergraduate students and 672 graduate students as of the Fall 2012 semester, and offers the following certificates and degrees: BA, MST, MsEd, MS. Each academic year, Pace places more than 300 School of Education students in internship and student teaching positions in K-12 settings in New York City, Westchester, Rockland, Putnam, and Orange Counties in New York. In addition, the School of Education provides ongoing professional development to more than 500 teachers and educational leaders throughout the metropolitan New York area. The School of Education created and manages Pace's Ongoing Academic and Social Instructional Support (OASIS) program which enrolls a select number of students with autism spectrum learning disabilities in Pace undergraduate programs, and provides them with intensive academic and other advisory support. The School of Education now serves more than 300 low-income secondary students in College access programs at New York City high schools through federal and state funding (Upward Bound and Liberty Partnership Programs).

Pace Law School

The Law School enrolled 731 students as of the Fall 2012 semester. The Law School's areas of specialty include environmental law, international law, criminal justice and public interest, offering the following degrees: JD, LL.M, SJD, JD/LL.M, JD/MS, JD/MBA, JD/MA, JD/BS.

The Law School curriculum introduces foundational lawyering skills early in the first year through its First Year Legal Skills Program. In the upper level, the legal skills program offers an array of clinics, externships and simulation courses in varied practice areas.

The environmental law program has been ranked as one of the top in the nation for the past 20 years by *U.S. News and World Report*. The Law School's Center for Environmental Legal Studies offers JD, LLM, and SJD candidates an opportunity to work with Pace law professors in advanced environmental law research and law reform. The Environmental Litigation Clinic immerses students in the representation of public interest groups, primarily the Riverkeeper, Inc., which works to safeguard the Hudson River and its environment. The Land Use Law Center seeks to facilitate sustainable development and helps local and regional officials resolve land use conflicts by encouraging more balanced patterns of land development. Since 1989, the Law School has sponsored the Pace National Environmental Moot Court Competition, drawing nearly 250 students from 70 different law schools in the United States and Canada.

Strategic Priorities

Pace is currently operating under a five-year plan for 2010–2015 called “*Opportunitas in the 21st Century: Seizing the Moment*.” This plan is intended to further the University’s mission and engender its future success. The plan is closely monitored with an annual process of setting specific short-term goals for the upcoming year and evaluating achievement of the prior year’s goals. The six key components of the plan are listed below.

- *Advance Pace University’s Academic Programs*
- *Build a Culture of Community*
- *Create Vibrant, Distinctive, and Collegial Campus Identities*
- *Build a Strong Financial Foundation and an Efficient Infrastructure*
- *Enhance Pace’s Visibility*
- *Strengthen and Reinforce a Culture of Accountability*

Governance

The University is governed by a Board of Trustees (the “Board”) consisting of an authorized maximum of 45 members, including the University’s President. Trustees are elected by the Board for a three-year renewable term. The Board meets a minimum of four times each year. In addition, an Executive Committee of the Board is empowered to act on behalf of the Board on specific matters. The current members of the Board are as follows:

<u>Name</u>	<u>Affiliation</u>
Photeine Anagnostopoulos	Senior Advisor Commissioner of Education, NJ
*Mark M. Besca, ‘81 <i>Vice-Chairman</i>	NYC Office Managing Partner Ernst & Young, LLP
**†Aniello A. Bianco, ‘61 <i>Chairman</i>	Former Vice President, Hildebrandt International and former Managing Director, Chadbourne & Parke
Phillip F. Bleser, ‘84, ‘94	Managing Director & Head of the Global Corporate Bank in North America J.P. Morgan Securities LLC
Donald L. Boudreau, ’70	Former Vice Chairman J.P. Morgan Chase
Christopher A. Edwards, ’95	Deputy Attorney General New Jersey Attorney General’s Office

* Executive Committee Member.

† Aniello A. Bianco announced at the meeting of the Board held on November 15, 2012 that he will step down as Chairman of the Board effective at the end of May 2013, and that he will remain as a Trustee for the remainder of his current term, which expires at the end of May 2014. The Committee on Trustees has nominated Vice Chairman Mark M. Besca to succeed Mr. Bianco.

*Stephen J. Friedman	President Pace University
*John A. Gerson, '69	Senior Managing Director and Chief Financial Officer Paladin Realty Partners, LLC
*Cynthia Greer Goldstein, '77, '81 <i>Vice-Chairman</i>	Attorney, CPA
*Barry M. Gosin	Chief Executive Officer Newmark Grubb Knight Frank
Bridget-Anne Hampden, '79	Deputy CIO, Federal Student Aid U.S. Department of Education
*James E. Healey, '64	Retired CFO Nabisco, Inc.
Charles N. Jordan, Jr.	President and Chief Executive Officer Charles Jordan and Co., LLC
*Harold O. Levy	Managing Director Palm Ventures, LLC
Suresh Munshani, '89	Former CEO Martin Burn Associates, Inc.
*Edward F. Murphy, '74	Executive Vice President Federal Reserve Bank of New York
John T. O'Connor, Esq., '86	Partner Hunton & Williams LLP
Michael O'Reilly, '71	Retired Vice Chairman and CFO Chubb Group of Insurance Companies
David J. Pecker, '72	Chairman and Chief Executive Officer American Media, Inc.
Barbara Ann Porceddu, '74	Interfaith Minister
Thomas J. Quinlan, III, '85	President and Chief Executive Officer RR Donnelley
Maria Fiorini Ramirez, '72	President and Chief Executive Officer Maria Fiorini Ramirez, Inc.
*Carol Raphael, Secretary	Advanced Leadership Fellow, Harvard University Retired President and Chief Executive Officer The Visiting Nurse Service of New York
Jack J. Ribeiro, '78	Global Managing Partner Financial Services Industry Deloitte LLP

* Executive Committee Member

Robert A. Rivero, '67	CPA RAR Management Services
Joseph F. Ryan, PhD	Professor of Criminal Justice and Sociology Pace University
Jack L. Salzman, '68	Senior Managing Partner Kings Point Capital Management, LLC
*Ivan G. Seidenberg, '81	Retired Chairman & CEO Verizon Communications
Marie J. Toulantis, '81	Former CEO BarnesandNoble.com LLC
Hal J. Upbin, '61	Chairman Emeritus Kellwood Company
*Richard F. Zannino, '84 <i>Vice-Chairman</i>	Managing Director CCMP Capital Advisors, LLC.

The committees of the Board include: Executive (standing), Academic/Faculty Affairs (standing), Administrative Affairs (standing), Audit (standing), Compensation (standing), Development & Alumni Relations/Gov't. & Community Relations (special), Finance (standing), Investment (special), Marketing & University Relations (other), Pension (special), Staff Affairs (other), Student Affairs (other), and Committee on Trustees (standing).

Administration

The President of the University, who is a member of the Board, is elected by the Board and serves as the officer responsible for the administration of the University. The President is elected by at least a two-thirds vote of the Board and serves for a five-year renewable term. The term of the current President expires at the end of 2017. All other senior executive officers are nominated by the President and elected by the Board.

Stephen J. Friedman, President. President Friedman assumed the presidency of the University in 2007, previously having served three years as the University's Dean of the School of Law. Prior to joining Pace, he was a senior partner at Debevoise & Plimpton LLC, commissioner of the Securities and Exchange Commission, deputy assistant secretary of the Treasury, executive vice president and general counsel at The Equitable Companies Incorporated and the E.F. Hutton Group Inc., and U.S. Supreme Court law clerk. President Friedman graduated with an A.B., *magna cum laude*, from Princeton University and a JD, *magna cum laude*, from Harvard School of Law.

Uday Sukhatme, ScD, Provost. Uday Sukhatme, ScD assumed the office of Provost in May 2012. Dr. Sukhatme is a quantum physicist and life-long academician and administrator who served as Executive Vice Chancellor and Dean of Faculties at Indiana University-Purdue University Indianapolis (IUPUI). In his role as Pace's Provost, Dr. Sukhatme is responsible for further advancing academic programs and faculty development. Dr. Sukhatme earned his doctorate (Sc.D.) and bachelor's degrees in physics from the Massachusetts Institute of Technology and a BSc Honors degree in Mathematics from the University of Delhi, India.

Toby Winer, Executive Vice President, Chief Financial Officer. Ms. Winer was appointed in January 2012 to serve in this capacity and is the first woman to hold this position at the University. She has been an integral part of the Pace team since 2006 when she joined the University as Vice President for Finance and Associate Treasurer. Ms. Winer has held various positions in the higher education sector over the past 25 years. Ms. Winer is responsible for all internal and external accounting and financial reporting, cash, debt and investment management, the annual budget, internal audit and purchasing. Ms. Winer is a Certified Public Accountant and she has a bachelor's degree from Carnegie Mellon University and an MBA from Columbia University.

William McGrath, Senior Vice President and Chief Administrative Officer. Mr. McGrath joined Pace University in 2007. His areas of responsibilities include Information Technology, Real Estate, Facilities

* Executive Committee Member

Management and Planning, Human Resources, Affirmative Action, and General Services. Mr. McGrath is the project leader on the University's Master Site Plans for both the New York and Pleasantville campuses. Prior to joining Pace, Mr. McGrath held various executive level positions at Con Edison. Mr. McGrath received a Bachelor of Science degree in Human Resources from the City University of New York and an MBA from Columbia University.

Robina Schepp, Vice President for Enrollment Management and Placement. Ms. Schepp became the chief enrollment officer for the University in 2007. She is responsible for leading strategic enrollment as well as the financial aid and career services programs. Ms. Schepp holds a Bachelor's degree from Providence College and an MPA from Seton Hall University.

Jennifer Bernstein, Vice President for Development and Alumni Relations. Ms. Bernstein assumed her position of Vice President for Development and Alumni Relations in January 2012. She has diverse experience in development areas ranging from consulting to performing arts to higher education. She earned her Bachelor's degree from The College of Santa Fe and a Master of Business Administration degree at New York University's Stern School of Business.

Thomas Brady, Treasurer. Mr. Brady was appointed to serve in this capacity in September 2012 and previously served four years as Associate Treasurer and Associate Controller. He is responsible for the management of the University's cash and debt. Prior to joining Pace, he was a consultant with Goldin Associates LLC, specializing in cash management, debt restructuring, financial reporting, and asset valuation. Mr. Brady holds a B.S. from Villanova University and an MBA from Pace University.

Employment

As of Fall 2012, the University employs approximately 3,830 people in the following capacities:

	<u>Part-time</u>	<u>Full-time</u>
Faculty	858	466
Administrative, clerical and technical	397	1,041
Student aides and graduate assistants	1,068	0

The University's adjunct faculty and part-time instructors are represented by the Union of Adjunct Faculty at Pace ("UAFP"). The current collective bargaining agreement with the UAFP is for the period July 1, 2012 to June 30, 2015. The University's Schimmel Theatre Stagehands are represented by the International Alliance of Theatrical Stage Employees, Local One, IATSE, AFL-CIO ("Local One"). The current collective bargaining agreement with Local One is for the period December 1, 2010 to November 30, 2013. The University has enjoyed amicable relations with both unions.

Campus Facilities

The University's facilities include owned and leased buildings for academic, administrative, athletic, and residential and dining hall purposes in New York City and Westchester County. The Birnbaum Library and Mortola Library in New York and Westchester, respectively, contain over one million volumes in support of undergraduate and graduate academic programs while a separate Law library on the North Broadway campus in White Plains supports the Law School. All library facilities are computerized and readily share information and resources on an intra- and inter- library loan basis.

The following table sets forth the carrying values of the University's plant facilities at June 30th of each of the past five years:

<u>Year</u>	<u>Land & Buildings</u>	<u>Equipment</u>	<u>Library Books</u>	<u>Accumulated Depreciation</u>	<u>Plant Assets Net of Depreciation</u>
2008	\$309,782,634	\$65,754,096	\$965,417	\$115,236,069	\$261,266,078
2009	313,079,435	67,826,901	961,665	126,480,081	255,387,920
2010	321,517,993	70,722,386	943,169	136,919,071	256,264,477
2011	329,585,657	74,437,520	1,011,570	146,900,659	258,134,088
2012	338,673,491	76,915,196	1,022,917	156,435,822	260,175,782

The New York City campus in lower Manhattan comprises buildings owned by the University at 41 Park Row, One Pace Plaza, and 106 Fulton Street, as well as leased facilities at 157-163, 156 and 140 William Street, 55 John Street and 180 Broadway. These buildings house classrooms, science and computer laboratories, administrative offices, academic facilities, a conference center, performing arts space, a gymnasium, student recreation facilities and The Schimmel Center for the Arts, as well as dining facilities and residence halls. Other leased residence halls are located in Brooklyn. Pace also leases a facility in Midtown at 551 Fifth Avenue that houses programs offering an M.S. in Publishing and a variety of computer science courses.

In lower Manhattan, Pace currently owns residence halls at 106 Fulton Street and within One Pace Plaza, which together accommodate approximately 700 students. Approximately 500 students are housed in a residence hall at 55 John Street that is leased through 2017 (with options to extend), and approximately 700 students are housed in other facilities in Brooklyn and lower Manhattan under short-term leases. Pace has contracted to lease a new residence hall under construction to Pace's specifications at 180 Broadway, which is expected to be ready for occupancy for the Fall 2013 semester and which is planned to substantially, if not completely, eliminate the need for housing in Brooklyn. Demand for housing at the Manhattan campus in recent years has grown somewhat faster than enrollment, and as a result Pace also has contracted to lease a residence hall to be constructed to Pace's specifications at 33 Beekman Street that is planned for occupancy in Fall 2015 to accommodate approximately 600 students. Pace continues to evaluate its housing needs, in particular the leased facility at 55 John Street.

In Westchester, the Lubin Graduate Center is located in downtown White Plains and the Law School is located on a separate campus a short distance from the Lubin Graduate Center on North Broadway in White Plains. The Pleasantville campus is located on approximately 200 acres in Westchester County and houses all of the University's Westchester undergraduate programs and a limited number of graduate programs, residence halls, dining facilities, athletic facilities, an environmental center and a state of the art health and fitness center. The nearby Briarcliff campus, located on approximately 37 acres, provides additional student residence halls and a dining facility as well as faculty and administrative offices, conference spaces and athletic facilities. The Pleasantville and Briarcliff campuses are operated as an integrated unit, and referred to together as the Westchester Campus.

The University has developed master plans for both the Westchester Campus and New York City Campus that are contingent on approval by the Board and appropriate funding.

Westchester Master Plan

The Westchester Master Plan entails the consolidation of the functions of the Briarcliff campus into the Pleasantville campus and the sale of Briarcliff. The plan is designed to improve financial results by increasing housing capacity to match demand and to bring facilities up to standards that will make Pace more competitive with peer and aspirational universities. In November 2012, the State Environmental Quality Review process was completed and the Mount Pleasant Planning Board issued and adopted a findings statement on the Final Environmental Impact Statement. Once the building permits are in place, the University's Board will consider whether it will authorize proceeding with the first phase of the plan (as described below). The University currently plans to fund this initiative primarily through long-term debt, the sale of Briarcliff, and fundraising. In January 2013 the University offered the Briarcliff campus for sale under an existing brokerage agreement.

The Westchester Master Plan is designed in phases, the first of which includes only the construction, sitework, renovation and other investments needed to replace the facilities currently in Briarcliff, with a modest expansion of housing capacity to meet existing demand. In the event the University's Board elects to authorize proceeding with the plan, such approval is expected to apply only to this first phase, with a total cost currently estimated at approximately \$106 million, of which approximately \$3 million had been incurred as of December 31, 2012. In addition to the hard and soft costs, the University expects to finance interest expense incurred during the construction period and certain other financing costs. Later phases, if undertaken, would further expand housing capacity, expand and improve academic facilities and administrative offices, including a new welcome center, further reconfigure traffic circulation and parking, and replace certain aging housing in Pleasantville. Each phase is independent and designed so that, when completed, the campus would be attractive and workable even if subsequent phases are delayed or not pursued.

New York City Master Plan

The main goals of the master site plan for the New York City Campus are:

1. Design attractive aesthetic improvements to the exterior of the campus to further its programmatic goals;

2. Provide for growth in Dyson in prominent and distinct facilities;
3. Provide for growth in Lubin in a prominent and distinct facility;
4. Create a vibrant welcome and student center within Enrollment Management and the Office of Student Assistance; and
5. House all residential students within walking distance of One Pace Plaza.

The new residence hall to be leased by the University at 180 Broadway, when completed in Fall 2013, will substantially accomplish the fifth goal listed above. The new Performing Arts facility at 140 William Street is a key element in the accomplishment of the second goal, above; other major elements would include the renovation of 41 Park Row as a distinctive facility for Dyson and the renovation of Dyson's science labs in One Pace Plaza. The plans for the third and fourth goals listed above contemplate the renovation and re-purposing of existing space within One Pace Plaza.

Unlike the initial phase of the Westchester Master Plan which is expected to be financed substantially with long-term debt, the New York City Master Plan is expected to be financed primarily through fundraising with no current plans for additional debt. As a result, projects within the New York City Master Plan will be undertaken as funds are available, and with a view to maintaining the continuity of other University operations, while renovations are underway. The lease payments for the new residence hall at 180 Broadway will be funded through the related housing revenue from students, while the lease payments for the new Performing Arts facility at 140 William Street are expected to be funded primarily through increased enrollment in those programs.

Independent of the Master Plans, the University continually maintains and updates its facilities through an annual capital budgeting process. The capital budget is supplemented by a student technology fee which is dedicated to technology investments for academic purposes.

Mortgaged Property

To secure payment required to be made by the University under each Series 2013 Obligation and any additional Obligations issued under the Master Indenture, the University will grant a mortgage on the Mortgaged Property. The Mortgaged Property consists of the University's facility at One Pace Plaza on the New York City Campus and the entire Pleasantville Campus. As of January 2013, One Pace Plaza had an appraised value of \$429 million and, as of October, 2012, the Pleasantville Campus had an appraised value of \$122 million. There is no guarantee that such appraised values will be maintained or that upon a foreclosure on the Mortgage there will be sufficient proceeds realized from the sale of the Mortgaged Property to pay the outstanding principal and interest on the then Outstanding Obligations under the Master Indenture. See "PART 7 – BONDHOLDERS' RISKS - Realization Value on the Mortgaged Property."

OPERATING INFORMATION

Admissions and Student Enrollment

The University's enrollment goals are based on a flexible enrollment management plan which builds on existing successes as well as new programs and services to meet the needs of a changing marketplace. The strategic plan of the University is focused on building enrollment in expanding markets, such as international students, and optimizing revenue through the strategic use of institutional aid.

While an overriding goal is a focus on primary feeder markets in the tri-state area to gain market share, the University's current strategy is designed to:

- increase enrollment of students from outside the tri-state area;
- increase the number of international students enrolled;
- recruit and enroll international students who may require additional English language training before joining mainstream College programs;
- increase the number of transfer student enrollments;
- address the needs of adult/part-time learners;
- develop new programs aimed at meeting demands from the changing global marketplace; and
- utilize sophisticated financial aid leveraging models.

Anticipating the changing demographics in the northeastern U.S., the University has worked to increase undergraduate enrollment from the south and southwestern states, where college-bound populations are growing. In

Fall 2011, Pace increased the number of entering students from these states by 62% and in Fall 2012, the number increased again by 25%, for a total of 162 new students.

The number of college-bound students is growing in other countries, particularly Asia, and the University has been working to increase the number of international students attending Pace. In addition to providing a growing pool of prospective students, the international market provides students who add a global perspective to classrooms, enriching the experience and preparing Pace students for the global marketplace. International students generally do not receive need-based institutional financial aid. New undergraduate enrollment for the Fall 2012 semester increased by 33% over the Fall 2011 semester and included 131 students from 47 countries.

In 2012 Pace entered into an agreement with Kaplan Global Solutions, Inc. (“Kaplan”) for the purpose of building international enrollment through a conditional admission program focused on academically prepared students who need additional English language instruction before matriculating into an undergraduate or graduate program at Pace. In Fall 2012, Pace enrolled 33 undergraduate students and 136 graduate students recruited by Kaplan or by the University directly into the new Global Pathways program.

As enrollments in community colleges increase, the University’s efforts to enroll transfer students have increased in importance. Two full-time counselors are employed to focus on recruiting transfers. In Fall 2012 more than 500 new transfer students were enrolled, which was a 15% increase over Fall 2011. In each of the past three years, the University has additionally admitted over 150 transfer students in the Spring semester.

For the past four years the University has been working to expand its veteran enrollment. Pace participates in the federal government’s Yellow Ribbon (tuition assistance) program, has a campus committee that addresses the needs of veterans, and employs an enrollment counselor focused on the veteran population. Currently the University has 219 veterans enrolled who are eligible for tuition benefits and another 105 students who receive veteran’s benefits due to their family relationships.

In the Fall 2011 semester, Pace began enrolling students in a new online bachelor’s completion program known as iPace, and in the Fall 2012 semester 92 students were enrolled in four degree programs: Dyson’s Professional Communication Studies; Lienhard’s RN to BS; Seidenberg’s Professional Technology Studies in Computer Forensics; and Lubin’s Professional Business Studies in Accounting/Internal Auditing or Management/Marketing. The majority of these students are full-time working professionals seeking to earn an undergraduate degree in order to advance in their careers. Students pursue studies part time, have their own academic advisor, meet online with faculty and earn a traditional Pace degree.

Over the past five years Pace has been actively developing new programs to meet the needs of the changing global marketplace, including more than 20 new graduate programs. The most notable area of growth in undergraduate programs is the Performing Arts Program at Dyson. The demand for these programs is such that admission has become extremely competitive. Last fall there were approximately 1,200 applicants for 165 spaces in the program. The University continues to add Performing Arts majors each year and recently added an Arts and Entertainment Management major in Lubin.

The University uses financial aid leveraging models to strategically deliver financial aid in order to meet its enrollment, academic quality and revenue goals. In Fall 2012, Pace increased the number of entering full-time freshmen and transfer students by 16% over Fall 2011 and also reduced the tuition discount rate by approximately two percent. Net tuition revenue per new freshmen and transfer student increased by 8.4%. As of the end of calendar year 2012, application volume for Fall 2013 was trending 12% higher than Fall 2012 application volume at the same point in time the previous year.

Total enrollment growth is dependent in part upon the systems and services in place to support students once they are admitted to the University. Pace has developed, expanded, and improved upon a number of programs and services which are focused on improving retention. Some examples are:

- a help desk, centralized call center and “one-stop” office that seek to streamline student access to services from the student support offices such as financial aid, registrar, and bursar;
- an Office of Student Success, which is focused on addressing the most common reasons for student attrition;
- a center for academic excellence providing tutorial and other support services; and
- the largest internship program in the New York metropolitan area.

The tables which follow illustrate the admissions activity for the past five academic years:

ADMISSION STATISTICS

Undergraduate

Academic Year	Applications	Acceptance	Acceptances	Matriculation	
			Ratio	Enrolled	Ratio
2008-09	12,688	9,611	75.7%	2,426	25.2%
2009-10	12,474	9,524	76.4%	2,307	24.2%
2010-11	12,358	9,318	75.4%	2,296	24.6%
2011-12	13,749	11,111	80.8%	2,097	18.9%
2012-13	15,157	11,349	74.9%	2,520	22.2%

Graduate (including Law)

Academic Year	Applications	Acceptance	Acceptances	Matriculation	
			Ratio	Enrolled	Ratio
2008-09	6,350	3,430	54.0%	1,283	37.4%
2009-10	6,281	3,408	54.3%	1,274	37.4%
2010-11	6,473	3,128	48.3%	1,235	39.5%
2011-12	6,251	3,291	52.6%	1,129	34.3%
2012-13	6,998	3,645	52.1%	1,072	29.4%

The following table presents the mean Scholastic Aptitude Test scores (including critical reading and math) for first year students receiving standard admission for the last five academic years:

Mean SAT Scores

	2008-09	2009-10	2010-11	2011-12	2012-13
Total	1,080	1,088	1,086	1,098	1,090

The University's enrollment during the past five academic years, based on Fall registration figures, is detailed below together with total headcount enrollment and full-time equivalent ("FTE") totals.

ENROLLMENT SUMMARY

Academic Year	Full-time Students			Part-time Students			Headcount	Total FTE
	Undergrad	Graduate	Law	Undergrad	Graduate	Law		
2008-09	6,183	921	543	1,624	3,121	312	12,704	9,915
2009-10	6,498	1,151	583	1,473	2,767	234	12,706	10,297
2010-11	6,814	1,062	640	1,312	2,710	214	12,752	10,338
2011-12	6,870	1,087	664	1,155	2,662	155	12,593	10,344
2012-13	7,107	1,059	600	1,229	2,646	131	12,772	10,485

The following table lists the number of degrees conferred for the last five academic years as of June 30th of each year:

Academic Year	Degrees Granted			Total
	Undergraduate	Graduate/Law	Doctoral	
2007-08	1,635	1,699	17	3,351
2008-09	1,638	1,728	41	3,407
2009-10	1,388	1,610	44	3,006
2010-11	1,481	1,527	59	3,026
2011-12	1,538	1,541	62	3,141

Tuition and Fees

The University's tuition pricing plan is designed to advance the University's mission, maintain or improve the University's market position relative to competing colleges and universities and bolster the University's overall growth. Under this plan, the University considers a number of factors, such as economic conditions, demographic changes, availability of financial aid and internal University needs, but none of these factors alone is determinative

of tuition set by the Board. Under the plan, the University generates funds to finance costs of improving University facilities and technological support through tuition increases, gifts and other new operating revenues.

The following table shows the tuition charges per semester for the past five academic years:

Academic Year	STUDENT TUITION CHARGES			
	Undergraduate Full-time Flat Rate	Undergraduate Part-time Per Credit	Graduate Per Credit	Law Full-time
2008-09	\$15,316	\$ 879	\$ 890	\$19,197
2009-10	15,930	914	926	19,751
2010-11	16,328	937	954	19,773
2011-12	16,981	974	990	20,365
2012-13	17,660	1,013	1,035	20,975

The full-time flat rate listed above reflects the incoming freshman rate for the applicable Fall semester. The graduate per credit rates presented above relate to MBA and other business program courses. Different rates are applicable to other graduate programs.

Financial Aid

On an institution-wide basis, approximately 93% of the full-time undergraduate population receives some form of financial assistance, and approximately 96% of these students receive institutional scholarships and need-based grants.

The University participates in all the major federal and state aid programs including Pell Grants, Supplemental Education Opportunity Grants (SEOG), the Federal Perkins Loan Program, Federal Nursing Loans, the William D. Ford Federal Direct Loan Program (Stafford and PLUS), Federal Work Study (FWS), and the New York State Tuition Assistance Program (TAP).

The following table presents the sources of student financial assistance for University students for each of the last five academic years.

	SOURCES OF FINANCIAL AID				
	2007-08	2008-09	2009-10	2010-11	2011-12
NY State TAP, other state	\$ 6,105,869	\$ 6,299,964	\$ 6,643,407	\$ 7,081,100	\$ 7,338,864
SEOG, PELL, other federal	7,512,405	8,594,348	12,024,773	13,963,139	14,110,051
College Work Study	1,036,678	1,180,776	1,497,421	1,442,939	1,298,168
Loans	108,698,214	119,024,167	125,460,811	138,589,325	140,315,355
University	70,839,973	85,979,451	117,336,779	115,121,725	125,582,826
Total	\$194,193,139	\$221,078,706	\$262,963,191	\$277,198,225	\$288,645,264

The University significantly increased financial aid during this five-year period as the recession significantly increased the need for aid. This was especially true in academic year 2009-10.

Faculty

As of Fall 2012, the total number of faculty members employed by the University is 1,324, of whom 466 serve full-time, and 335 of the full-time faculty members hold tenure. The majority of the University's full-time faculty is appointed within one of the four principal academic ranks: Professor, Associate Professor, Assistant Professor and Instructor.

The following table sets forth the faculty profile for the past five academic years.

	FACULTY PROFILE				
	2008-09	2009-10	2010-11	2011-12	2012-13
Full-time	447	452	452	452	466
Adjunct	645	666	756	827	858
Total	1,092	1,118	1,208	1,279	1,324
Tenured	329	328	336	335	335

FINANCIAL INFORMATION

Budgeting and Planning

The Board approves the overall budget of the University, including salary and tuition rate increases. Financial aid targets are set for each cohort, campus, and semester. Operating budgets are prepared by each division. The budgets include the number of authorized positions as well as amounts authorized for supplies, equipment and other departmental charges. The budget committee, with faculty and administration members serving on the Tuition and Pricing, Compensation and Benefits, and Auxiliaries subcommittees, meet regularly with the goal of providing recommendations to the President on the alignment of budgets and resources consistent with the University's Strategic Plan.

The University's Office of Budget and Planning maintains a five-year consolidated projection model to inform senior management and the Board on long-range strategic planning. Interim performance reports are sent both to senior management and the Board. On-line budget data are readily available to all budget managers. The University has invested significant resources in developing a central data warehouse and a series of dashboards built on key metrics.

Management's Discussion of Recent Financial Performance

Through a variety of revenue enhancement, cost reduction, and strategic investment initiatives, the University has steadily improved its financial performance and competitive positioning over the past five years. The University has successfully reversed the operating losses that stemmed from declining enrollment and has now achieved two consecutive years of positive operating results. This improved financial performance has enabled the University to invest in strategic initiatives designed to support a vibrant academic environment and result in ongoing revenue growth and improved operating results over the long-term.

Revenues have grown by 17% over the past five years, driven by a 15% increase in net tuition and fees, reflecting increases in total University enrollment, and a 51% increase in auxiliary revenues. During this period, the University consistently increased both tuition rates and financial aid. However, the net tuition revenue per FTE student has increased by 9% over this period. The increase in auxiliary revenue was driven by a significant increase in the demand for University housing as well as consistent increases in average revenue per bed.

Expenses have grown by 15% over the past five years, driven by increases in salaries and benefits, particularly health insurance costs. The University has worked to moderate these increases through hiring freezes as well as early retirement initiatives.

The University's unrestricted net assets have been negatively impacted by non-operating results. The primary drivers of the decline are non-operating adjustments to the value of Pace's interest rate swap agreement and accrued postretirement health benefits obligation ("APHBO"), as well as market factors which have negatively impacted the value of the University's investment portfolio. The University entered into a floating-to-fixed rate swap agreement in May 2005 as a hedge on the Series 2005A Bonds, under which it pays a fixed rate and receives a variable rate based on 30-day LIBOR plus a spread. The liability associated with this swap, as well as the University's APHBO, have increased significantly in recent years as interest rates have declined. For example, the discount rate used to calculate the APHBO dropped from 6.4% to 4.6% from June 30, 2007 to June 30, 2012. As a result, total unrestricted net assets of the University have decreased by approximately \$42.8 million over the past five years, to \$0.6 million as of June 30, 2012, reflecting a \$28.6 million increase in the APHBO and a \$13.8 million increase in the University's liability under its swap agreement. To the extent interest rates were to rise in the future, the University would expect to record related non-operating gains associated with the APHBO that would increase unrestricted net assets. The fair value of the interest rate swap agreement as a liability to the University was approximately \$11.4 million as of June 30, 2012, as shown in the audited financial statements of the University included in Appendix B hereto. Proceeds from the Series 2013A Bonds are expected to fund the cost of terminating the interest rate swap agreement associated with the Series 2005A Bonds. In 2001, the University eliminated postretirement health and life insurance benefits for employees hired after October 1, 2000. See "Retirement Plans" below.

Investment returns have recovered from the market downturn in 2009. After incurring substantial losses in 2009, returns on University-managed funds in 2010, 2011 and 2012 amounted to a total of \$28.4 million.

Summary of Changes in Net Assets

The summary below presents the change in net assets since fiscal year 2007 and should be read in conjunction with the University's audited financial statements for the fiscal years ending June 30, 2012 and 2011 included in Appendix B to this Official Statement.

	2008	2009	2010	2011	2012
Changes in unrestricted net assets:					
Revenues:					
Tuition and fees, net	\$202,491,590	\$211,088,222	\$206,926,232	\$229,472,625	\$233,065,592
Government grants and contracts	7,870,453	9,269,853	9,743,592	9,150,098	11,720,371
State appropriations	1,388,076	1,081,481	1,040,023	856,934	809,227
Contributions	1,178,379	1,415,917	1,130,831	1,498,766	1,071,163
Investment return appropriated	1,893,118	607,733	1,129,449	319,682	265,471
Sales and services of auxiliary enterprises	29,805,944	36,547,715	40,123,388	43,083,572	45,142,281
Other sources	10,000,072	6,437,433	6,398,669	8,267,390	8,670,457
Net assets released from restrictions	8,674,370	9,433,696	7,911,655	7,434,993	6,826,104
Total revenues	263,302,002	275,882,050	274,403,839	300,084,060	307,570,666
Expenses:					
Instruction	111,031,940	110,531,668	112,059,759	114,997,401	120,587,721
Research	2,471,769	2,041,287	3,238,883	3,961,896	4,206,806
Academic support	36,478,222	42,091,936	42,715,317	43,382,021	45,612,469
Student services	33,941,626	38,373,736	37,397,974	38,630,574	40,470,122
Institutional support	44,988,850	42,517,212	39,577,345	46,073,036	49,095,559
Auxiliary enterprises	37,911,038	42,630,275	42,058,124	45,339,931	46,093,691
Total expenses	266,823,445	278,186,114	277,047,402	292,384,859	306,066,368
(Deficiency) excess of operating revenues over expenses	(3,521,443)	(2,304,064)	(2,643,563)	7,699,201	1,504,298
Non-operating activities:					
Unrealized (depreciation) appreciation in fair value of derivative instrument	(3,922,931)	(2,883,923)	(3,195,706)	828,141	(4,632,232)
Investment return, net	(754,403)	(2,247,661)	281,565	1,082,883	(452,040)
Effect of underwater endowments	0	(8,399,404)	1,813,064	4,676,085	(1,296,954)
Changes in postretirement health benefits obligation other than net periodic cost	4,935,076	(4,260,729)	(13,901,587)	(71,115)	(11,028,272)
Other	435,452	(572,871)	19,537	(286,781)	274,899
Total non-operating activities	693,194	(18,364,588)	(14,983,127)	6,229,213	(17,134,599)
(Decrease) increase in unrestricted net assets	(2,828,249)	(20,668,652)	(17,626,690)	13,928,414	(15,630,301)
Changes in temporarily restricted net assets:					
Contributions	10,736,760	3,633,502	4,325,418	4,063,130	5,145,132
Investment return	(2,938,525)	(16,995,060)	6,139,304	14,952,163	(554,704)
Other	5,711	(38,996)	30,608	44,203	(26,075)
Net assets released from restrictions	(8,674,370)	(9,433,696)	(7,911,655)	(7,434,993)	(6,826,104)
(Decrease) increase in temporarily restricted Net assets	(870,424)	(22,834,250)	2,583,675	11,624,503	(2,261,751)
Changes in permanently restricted net assets:					
Contributions	1,534,185	2,076,289	951,022	1,084,441	1,953,939
Other	(67,429)	(78,961)	45,715	29,786	13,034
Increase in permanently restricted net assets	1,466,756	1,997,328	996,737	1,114,227	1,966,973
(Decrease) increase in net assets	(2,231,917)	(41,505,574)	(14,046,278)	26,667,144	(15,925,079)
Net assets at beginning of year	187,600,787	185,368,870	143,863,296	129,817,018	156,484,162
Net assets at end of year	\$185,368,870	\$143,863,296	\$129,817,018	\$156,484,162	\$140,559,083

Summary of Financial Position

The summary below presents the University's financial position as of June 30 for each of the last five fiscal years. This summary should be read in conjunction with the University's audited financial statements for the fiscal years ending June 30, 2012 and 2011, included in Appendix B to this Official Statement.

	2008	2009	2010	2011	2012
Assets:					
Cash and cash equivalents	\$ 2,390,699	\$ 12,258,477	\$ 1,836,531	\$ 11,064,942	\$ 22,154,829
Short-term investments	38,622,089	25,410,390	7,321,657	3,459,176	3,514,119
Student accounts receivable, net	6,082,928	5,701,636	4,213,647	6,127,790	6,994,220
Grants and other receivables	8,696,170	7,459,672	6,599,564	4,527,296	5,441,740
Prepaid expenses and other assets	9,486,915	8,744,734	8,019,161	8,028,401	9,378,199
Contributions receivable, net	22,168,099	19,696,634	16,258,152	11,950,819	10,860,855
Investments	122,883,159	95,198,783	104,579,683	126,549,444	124,381,733
Student loans receivable, net	14,292,079	13,864,122	13,679,816	13,447,293	13,347,848
Funds held by bond trustees	11,537,868	12,969,294	14,163,367	7,772,272	8,235,974
Plant assets, net	261,266,078	255,387,920	256,264,477	258,134,088	260,175,782
Total assets	\$497,426,084	\$456,691,662	\$432,936,055	\$451,061,521	\$464,485,299
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued liabilities	28,523,805	29,263,260	28,915,519	29,501,482	33,046,862
Notes payable	-	58,000,000	34,000,000	34,000,000	46,000,000
Fair value of derivative instruments	1,487,236	4,371,159	7,566,865	6,738,724	11,370,956
Deferred revenues and deposits	8,571,470	9,211,184	10,034,354	10,450,005	10,430,171
Long-term debt	191,051,348	126,143,056	122,521,035	113,466,000	111,577,000
Deferred rental revenue	11,330,358	10,386,162	9,441,966	8,497,770	7,553,574
Asset retirement obligations	3,331,298	3,493,479	3,463,323	3,360,833	3,378,371
Accrued postretirement benefit obligation	55,247,494	59,626,574	74,669,821	76,147,276	88,018,979
U.S. Government grants refundable	12,514,205	12,333,492	12,506,154	12,415,269	12,550,303
Total liabilities	\$312,057,214	\$312,828,366	\$303,119,037	\$294,577,359	\$323,926,216
Net assets:					
Unrestricted:					
General	95,885,287	79,595,715	77,012,272	92,418,141	88,659,543
Accrued postretirement benefit	(55,247,494)	(59,626,574)	(74,669,821)	(76,147,276)	(88,018,979)
Total Unrestricted	40,637,793	19,969,141	2,342,451	16,270,865	640,564
Temporarily restricted	73,940,373	51,106,123	53,689,798	65,314,301	63,052,550
Permanently restricted	70,790,704	72,788,032	73,784,769	74,898,996	76,865,969
Total net assets	\$185,368,870	\$143,863,296	\$129,817,018	\$156,484,162	\$140,559,083
Total liabilities and net assets	\$497,426,084	\$456,691,662	\$432,936,055	\$451,061,521	\$464,485,299

Private Gifts and Investments

Private Gifts

The University receives less than 0.5% of its annual operating revenue from private gifts and grants. In addition, the University receives temporarily and permanently restricted gifts from private sources, primarily for the endowment or for specified programs.

The following table summarizes the total amount received for capital and operating purposes for the last five fiscal years:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contributions:					
Unrestricted	\$ 1,178,379	\$1,415,917	\$1,130,831	\$1,498,766	\$1,071,163
Temporarily and Permanently Restricted	<u>12,270,945</u>	<u>5,709,791</u>	<u>5,276,440</u>	<u>5,147,571</u>	<u>7,099,071</u>
Total	\$13,449,324	\$7,125,708	\$6,407,271	\$6,646,337	\$8,170,234

Investments

As of June 30, 2012 the fair market value of all University investments totaled \$124,381,733, as provided in more detail in the University's audited financial statements included in Appendix B. As of January 31, 2013 the fair market value of investments totaled \$138,648,365; provided, however, the fair value of alternative investments included in this amount are as of September 30, 2012 (adjusted for capital calls).

The following chart summarizes the University's investment portfolio, by investment type, at June 30, 2012.

<u>Asset Class</u>	<u>Market Value</u>
Cash and cash equivalents	\$ 2,678,451
Common stocks	292,246
Mutual Funds	44,048,748
Equity and fixed income funds	53,741,990
Alternative investments	22,806,271
Municipal bonds	<u>814,027</u>
Total Assets	\$124,381,733

The Investment Committee of the Board establishes and monitors the investment policy and guidelines. The University has established a spending rate approach to its investments. The policy permits the use of total returns at a spending rate of 5% of a three-year moving average of the quarter-end fair market values of the investments.

Retirement Plans

The University has a defined contribution retirement plan established in accordance with Section 403(b) of the Internal Revenue Code of 1986, as amended which covers substantially all full-time employees. Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA CREF), Fidelity Management Trust Company (Fidelity), and T. Rowe Price Trust Company (T. Rowe Price) are the plan's record keepers and custodians. In 2011, the University selected TIAA CREF as the University's sole 403(b) vendor effective January 1, 2011. Existing accounts with Fidelity and T. Rowe Price continue to be part of the plan, but new contributions can only be made to TIAA CREF accounts. The University makes annual contributions to the plan for the benefit of all full-time employees who meet plan eligibility requirements, based on a percentage of the employee's base salary. The percentages of employee and University contributions will differ, based upon an employee's full-time date of employment and years of service with the University. The University also provides certain healthcare and life insurance benefits for qualified retirees. Benefits and eligibility requirements may be modified from time to time. In accordance with a 2001 plan amendment, postretirement healthcare and life insurance benefits coverage for employees hired after October 1, 2000 has been eliminated.

Outstanding Indebtedness

The outstanding indebtedness of the University at June 30, 2012 is summarized as follows:

<u>Obligation</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>	<u>Final Maturity</u>
HUD Bonds:				
1966	3.00%	\$ 1,115,000	\$ 235,000	2016
1966	3.00%	1,270,000	242,000	2016
DASNY Bonds:				
2005A	Variable	73,975,000	71,850,000	2029
2005B	Variable	42,500,000	<u>39,250,000</u>	2035
Total			<u>\$111,577,000</u>	

The University has reduced its long-term debt by \$80.4 million over the past five years. During this period, the University converted a \$62 million unsecured long-term taxable note to a note payable which functions as a short-term working capital facility, which is committed at the option of the University through June 2017. Bank of America, N.A., an affiliate of one of the Underwriters, is the holder of the note. The reduction in long-term debt was a result of this replacement of long-term debt with a facility that is fully repaid twice annually with the receipt of tuition revenue each semester, better matching the seasonal funding needs of the University and reducing total interest expense and the annual repayment of a portion of the long-term debt.

The Series 2005A Bonds and Series 2005B Bonds are expected to be redeemed and the related interest rate swap liquidated with proceeds from the Series 2013 Bonds. See PART 4 - "PLAN OF FINANCE."

Litigation

There is no litigation pending or, to the knowledge of the University, threatened against the University in any court, agency or other administrative body, which: (i) is not covered by insurance, or (ii) would have a material effect upon the financial position or operations of the University.

PART 7 - BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the University with respect to the Series 2013 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2013 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in Appendices C, D and E, copies of which are available as described herein.

General

The Series 2013 Bonds are limited obligations of DASNY payable by DASNY solely from payments to be made by the University pursuant to the Loan Agreement, which payments are secured by the applicable Series 2013 Obligation to be issued by the University with respect to each Series of the Series 2013 Bonds. No representation or assurance can be given that the University will realize revenues in amounts sufficient to make such payments under the Loan Agreement or under the applicable Series 2013 Obligation. The realization of future revenues is dependent upon, among other things, government regulations, the capabilities of the management of the University and future changes in economic and other conditions that are unpredictable and cannot be determined at this time.

Right to Tender

The University does not expect to maintain a liquidity facility with respect to the Series 2013B Bonds. Payment for Series 2013B Bonds which are tendered for purchase will be made only from the proceeds of the remarketing of such Series 2013B Bonds. Neither DASNY nor the University are obligated to pay the purchase price of any Series 2013B Bond tendered for purchase.

Investment Grade Rating

The lowering or withdrawal of the investment grade rating initially assigned to the Series 2013 Bonds could adversely affect the market price and the market for the Series 2013 Bonds.

Factors Affecting the Financial Performance of the University

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the University's operations and financial performance to an extent that cannot be determined at this time.

Student Enrollment

The adequacy of University revenues will depend on maintaining enrollment levels as well as being able to charge sufficient rates for tuition and housing fees. Competition for students is substantial. The University competes with other private and public colleges and universities. There can be no assurance that the University can continue to enroll a sufficient number of students to generate revenues sufficient to pay the debt service on the Series 2013 Bonds.

Reliance on Financial Aid

A substantial percentage of the students at the University receive some form of scholarship or tuition discount, including many of whom are primarily dependent upon such financial aid to pay tuition and other costs of their education. The tuition discounts/scholarships are important in maintaining enrollment, but can also adversely affect revenues. Significant changes in the availability of federal loan programs and other forms of student aid could also adversely affect the ability of students to attend the University with a resultant adverse impact on the financial condition of the University and its ability to meet its obligations under the Loan Agreement and the Series 2013 Obligations with respect to debt service on the Series 2013 Bonds.

Endowment Income

The University plans its budget to include some spending from endowment income each year. Such income on endowment funds is subject to market volatility. While the University invests pursuant to an investment plan, the earnings on such investments are dependent upon a variety of economic conditions that cannot be predicted, including market fluctuations that could have an adverse effect on such investment income.

Damage or Destruction

Although the University will be required to maintain certain insurance as set forth in the Loan Agreement, there can be no assurance that the University will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies.

Changes in Administration

Future changes in the trustees or key administration personnel could affect the capability of the administration to effectively manage the University.

Reduced Giving

The University derives income from unrestricted gifts and donations which supplement operating revenues to finance its operations and capital needs. Although management of the University expects gifts and donations to remain at least at their current level and to increase at a moderate rate, there can be no assurance that this non-operating revenue will not decrease, adversely affecting the financial condition of the University.

Environmental Matters

Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the facilities of the University. For example, if property of the University is determined to be contaminated by hazardous materials, the University could be liable for significant clean up costs even if it were not responsible for the contamination.

Bankruptcy

The ability of the Trustee to exercise rights under the Loan Agreement and the Resolutions and of the Master Trustee to exercise rights under the Master Indenture and the 2013 Supplemental Indentures may be limited by bankruptcy, insolvency, reorganization or other similar laws or equitable principles related to or affecting the enforcement of creditors' rights generally. In the event the University becomes a debtor under the United States Bankruptcy Code, 11 U.S.C. §§10 *et seq.* (the "Bankruptcy Code"), payments under the Loan Agreement or on the Series 2013 Obligations may be stayed or under certain circumstances subject to avoidance and the interests of the Trustee with respect to payments on the Series 2013 Bonds may not extend to payments acquired after the commencement of such a bankruptcy case. Furthermore, if the bankruptcy court concludes that the Trustee has "adequate protection," it may enter orders affecting the security of the Trustee, including orders providing for the

substitution, subordination and sale of the security of the Trustee. In addition, a reorganization plan may be adopted even though it has not been accepted by the Trustee if the Trustee is provided with the benefit of its original lien or the “indubitable equivalent.” Thus, in the event of the bankruptcy of the University, the amount realized by the Trustee may depend on the bankruptcy court’s interpretation of “indubitable equivalent” and “adequate protection” under the then existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the Loan Agreement and the Master Indenture that make bankruptcy and related proceedings by the University an event of default thereunder.

Tax-Exempt Status of the University and the Series 2013A Bonds

The Internal Revenue Service (the “IRS”) has determined that the University is an organization described in Section 501(c)(3) of the Code and therefore is exempt from federal income taxation. In addition, the University is generally exempt from ad valorem property taxation. As a charitable organization, the University is subject to a number of requirements affecting its operations. The IRS has indicated that it is giving greater scrutiny to certain tax-exempt organizations, including colleges and universities.

The failure of the University to remain qualified as a tax-exempt organization could affect the amount of funds available to pay debt service on the Series 2013 Bonds. Such failure, as well as failure to comply with certain legal requirements (see “PART 11 - TAX MATTERS”), could cause the inclusion of interest on the Series 2013A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2013A Bonds.

The possible modification or repeal of certain existing federal income tax laws or property tax laws or other loss by the University of the present advantages of such laws, or any legislation imposing additional conditions on tax-exempt organizations, could adversely impact the financial position of the University.

Amendment of the Resolution and Loan Agreement

Certain amendments to the Resolution, and the Loan Agreement may be made with the consent of the owners of a two-thirds in aggregate principal amount of the outstanding Series 2013 Bonds of an affected Series. Such amendments may adversely affect the security of the Bondholders, and such percentage, if additional Bonds are issued, may be composed wholly or partially of the holders of Bonds other than the Series 2013 Bonds.

Additional Indebtedness

Additional Indebtedness may be issued by the University from time to time even while the Series 2013 Bonds remain outstanding. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS – Additional Bonds” and “- Other Indebtedness,” and Appendices C, D and E.

Realization of Value on the Mortgaged Property

The University’s obligations under the Master Indenture and the Series 2013 Obligations are secured by the Mortgage. The Mortgaged Property does not comprise general purpose buildings and would not generally be suitable for industrial or commercial use. Consequently, it may be difficult to find a buyer or lessee for such property if it were necessary to foreclose on the Mortgage. In addition, the value of the lien on the Mortgaged Property could be diluted by the issuance of additional Obligations under the Master Indenture, which are secured equally and ratably with the Series 2013 Obligations, and certain portions of the Mortgaged Property may be transferred or released from the lien of the Mortgage. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS - Obligations under the Master Indenture - Mortgage.” Thus, upon any default, it may not be possible to realize the amount of the outstanding Series 2013 Bonds from a sale or lease of the Mortgaged Property.

Enforceability of Lien on Gross Revenues

The University’s obligations under the Master Indenture also are secured by a lien on Gross Revenues granted to the Master Trustee. The security interest in Gross Revenues will be on parity with certain Permitted Liens under the Master Indenture, and subordinate to Permitted Liens securing certain Indebtedness of the University. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS - Obligations under the Master Indenture - Security Interest in Gross Revenues.”

In the event of bankruptcy of the University, transfers of property by the University, including the payment of debt or the transfer of any collateral, including receivables and Gross Revenues, on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court, may be subject to avoidance or recovery as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Revenues to meet expenses of the University before paying the Obligations then Outstanding, including if then Outstanding, the Series 2013 Obligations and, in turn, the debt service on the Series 2013 Bonds.

Pursuant to the Uniform Commercial Code of the State, the perfection of a security interest in Gross Revenues may cease if such proceeds are not paid over to the Master Trustee (or an agent for the Master Trustee) by the University under certain circumstances. In addition, the lien on Gross Revenues may not extend to revenues coming into existence after commencement of a bankruptcy. Upon the occurrence of an Event of Default under the Master Indenture, the University is required to take all action necessary to insure that all Gross Revenues are deposited into the Revenue Fund created under the Master Indenture, including but not limited to, depositing directly all payments received and directing all debtors and payors of the University to make all payments due to the University to the Revenue Fund.

The value of the security interest in the Gross Revenues could be diluted by the issuance of additional Obligations under the Master Indenture, which are secured equally and ratably with the Series 2013 Obligations, and in certain circumstances by Permitted Liens that are senior to the lien on Gross Revenues securing the Series 2013 Obligations. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS - Obligations under the Master Indenture - Security Interest in Gross Revenues.” In the event of the liquidation or bankruptcy of the University, there can be no assurance that the proceeds of the Gross Revenues will be adequate to make the payments due on the Series 2013 Obligations and, in turn, to pay debt service on the Series 2013 Bonds.

Enforcement of Remedies

Enforcement of the remedies under the Resolutions, the Loan Agreement and the Master Indenture may be limited or restricted by state laws concerning the use of assets of charitable corporations and by federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors and by application of general principles of equity applicable to the availability of specific performance, and may be substantially delayed in the event of litigation or statutory remedy procedures. The various legal opinions to be delivered concurrently with the delivery of the Series 2013 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors.

Secondary Market

Although the Underwriters presently intend to make a market for the Series 2013 Bonds, such market making may be discontinued at any time. There can be no assurance that there will be a secondary market for the Series 2013 Bonds, and the absence of such a market could result in investors not being able to resell their Series 2013 Bonds should they need or wish to do so.

PART 8 - DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, constituting Titles 4 and 4-B of Article 8 of the Public Authorities Law of the State, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including Personal Income Tax Revenue Bonds, on behalf of public clients such as The State University of New York, The City University of New York, the Departments of Health and Education of the State, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Alcoholism and Substance Abuse Services, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services (“BOCES”), school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY's private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions. At December 31, 2012, DASNY had approximately \$46 billion aggregate principal

amount of bonds and notes outstanding. DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education and community improvement and payable to both public and private grantees from proceeds of Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. All of DASNY's outstanding bonds and notes, both fixed and variable rate, are special obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special obligations were issued. DASNY has no obligation to pay its special obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY's special obligations are solely dependent upon payments made by DASNY's client for which the particular special obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental and not-for-profit institutions in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain 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, borrow money and adopt a program of self-insurance.

DASNY has a staff of approximately 520 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 55 field sites across the State.

Governance

DASNY is governed by an eleven-member board. 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 DASNY meetings. The members of DASNY 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 DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of DASNY are as follows:

ALFONSO L. CARNEY, JR., *Chair*, New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on April 27, 2010. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2013.

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

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on March 16, 2010. 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 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, 2013.

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

Jacques Jiha was appointed as a Member of DASNY by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President/Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and previously served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

TIM C. LOFTIS, Esq., Buffalo.

Tim C. Loftis was appointed as a Member of DASNY by the Governor on June 20, 2012. Mr. Loftis is a partner in the Business and Corporate practice group of the law firm Jaekle Fleischmann & Mugal, LLP. He has experience in business and corporate matters with an emphasis on transactional matters, including domestic and international mergers and acquisitions as well as complex commercial financing transactions. Mr. Loftis holds a Bachelor of Arts degree from the State University of New York at Buffalo and a Juris Doctor degree from Georgetown University Law Center. His term expires on March 31, 2015.

BERYL L. SNYDER, J.D., New York.

Beryl L. Snyder was appointed as a member of DASNY by the Governor on June 15, 2011. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2013.

SANDRA M. SHAPARD, Delmar.

Sandra M. Shapard was appointed as a Member of DASNY by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from 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 the Budget from 1991 to 1994. She began her career in New York State government with the Assembly where 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. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on June 21, 2012. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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

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

JOHN B. KING, JR., J.D., Ed.D., *Commissioner of Education of the State of New York*, Slingerlands; *ex-officio*.

John B. King, Jr., was appointed by the Board of Regents to serve as President of the University of the State of New York and Commissioner of Education on July 15, 2011. As Commissioner of Education, Dr. King serves as Chief Executive Officer of the State Education Department and as President of the University of the State of New York, which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. He holds a Bachelor of Arts degree in Government from Harvard University, a Master of Arts degree in Teaching of Social Studies from Teachers College, Columbia University, a Juris Doctor degree from Yale Law School and a Doctor of Education degree in Educational Administrative Practice from Teachers College, Columbia University.

NIRAV R. SHAH, M.D., M.P.H., *Commissioner of Health*, Albany; *ex-officio*.

Nirav R. Shah, M.D., M.P.H., was appointed Commissioner of Health on January 24, 2011. Prior to his appointment he served as Attending Physician at Bellevue Hospital Center, Associate Investigator at the Geisinger Center for Health Research in central Pennsylvania, and Assistant Professor of Medicine at the NYU Langone Medical Center. Dr. Shah is an expert in use of systems-based methods, a leading researcher in use of large scale clinical laboratories and electronic health records and he has served on the editorial boards of various medical journals. He is a graduate of Harvard College, received his medical and master of public health degrees from Yale School of Medicine, was a Robert Wood Johnson Clinical Scholar at UCLA and a National Research Service Award Fellow at NYU.

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

Robert L. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of DASNY is as follows:

PAUL T. WILLIAMS, JR. is the President and chief executive officer of DASNY. Mr. Williams is responsible for the overall management of DASNY's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior to that, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a public finance practice. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

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

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY 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. She holds a Bachelor's degree from the State University of New York at Albany.

PAUL W. KUTEY is the Chief Financial Officer of DASNY. Mr. Kutey oversees and directs the activities of the Office of Finance and Information Services. He is responsible for supervising DASNY's investment program, accounting functions, operation, maintenance and development of computer hardware, software and communications infrastructure; as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Previously, Mr. Kutey was Senior Vice President of Finance and Operations for AYCO Company, L.P., a Goldman Sachs Company. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined DASNY 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 has worked in the construction industry for more than 20 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA L. WALLACE is the Managing Director of the Office of Executive Initiatives. Ms. Wallace is responsible for strategic efforts in program development, including maximizing the utilization of Minority and Women Owned Businesses, sustainability, training and marketing, as well as communicating with DASNY's clients, vendors, the public and governmental officials. She has more than 20 years of senior leadership experience in diverse private sector telecommunications businesses and civic organizations. Ms. Wallace holds a Bachelor's Degree from Pepperdine University and a Master's Degree in Public Administration from Columbia University.

The position of General Counsel is currently vacant.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

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 DASNY 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. DASNY obtains the approval of the PACB for the issuance of all of its bonds and notes.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY 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 DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

Environmental Quality Review

DASNY 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 to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2012. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 9 - LEGALITY OF THE SERIES 2013 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2013 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Series 2013 Bonds may be deposited with the State Comptroller to secure deposits of State money in banks, trust companies and industrial banks.

PART 10 - NEGOTIABLE INSTRUMENTS

The Series 2013 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2013 Bonds.

PART 11 - TAX MATTERS

Series 2013A Bonds

General

In the opinions of Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, co-bond counsel to DASNY (collectively, "Co-Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2013A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2013A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering such opinions, Co-Bond Counsel have relied on certain representations, certifications of fact, and statements of reasonable expectations made by DASNY and the University in connection with the Series 2013A Bonds, and Co-Bond Counsel to DASNY have assumed compliance by DASNY and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2013A Bonds from gross income under Section 103 of the Code. In addition, in rendering their opinions, Co-Bond Counsel to DASNY have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the Series 2013A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Co-Bond Counsel express no opinion regarding any other Federal or state tax consequences with respect to the Series 2013A Bonds. Co-Bond Counsel render their respective opinions under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement their opinions to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to their attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Co-Bond Counsel express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2013A Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2013A Bonds in order that interest on the Series 2013A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2013A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2013A Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. DASNY and the University have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2013A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2013A Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2013A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2013A Bonds.

Prospective owners of the Series 2013A Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2013A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2013A Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2013A Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2013A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Co-Bond Counsel further are of the opinion that, for any Series 2013A Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2013A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2013A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2013A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2013A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2013A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2013A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2013A Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2013A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2013A Bonds.

Prospective purchasers of the Series 2013A Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed forms of the opinions of Co-Bond Counsel relating to the Series 2013A Bonds are set forth in Appendix F hereto.

Series 2013B Bonds

General

In the opinions of Co-Bond Counsel, interest on the Series 2013B Bonds (the “Taxable Bonds”) (i) is included in gross income for Federal income tax purposes pursuant to the Code and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York).

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are U.S. Holders (as defined below). This summary is based on the Code, Treasury regulations, revenue rulings and court decisions, all as now in effect and all subject to change at any time, possibly with retroactive effect. This summary assumes that the Taxable Bonds will be held as “capital assets” under the Code, and it does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a “hedge” or “straddle” for United States Federal income tax purposes, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code. Each prospective purchaser of the Taxable Bonds should consult with its own tax advisor concerning the United States Federal income tax and other tax consequences to it of the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

As used herein, the term “U.S. Holder” means a beneficial owner of a Taxable Bond that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

U.S. Holders—Interest Income

Interest on the Taxable Bonds is not excludable from gross income for United States Federal income tax purposes.

Original Issue Discount

For United States Federal income tax purposes, a Taxable Bond will be treated as issued with original issue discount (“OID”) if the excess of a Taxable Bond’s “stated redemption price at maturity” over its “issue price” equals or exceeds a statutorily determined de minimis amount. The “issue price” of each Taxable Bond in a particular issue equals the first price at which a substantial amount of such issue is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The “stated redemption price at maturity” of a Taxable Bond is the sum of all payments provided by such Taxable Bond other than “qualified stated interest” payments. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. In general, if the excess of a Taxable Bond’s stated redemption price at maturity over its issue price is less than .25 percent of the Taxable Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (the “de minimis amount”), then such excess, if any, constitutes de minimis OID, and the Taxable Bond is not treated as being issued with OID and all payments of stated interest (including stated interest that would otherwise be characterized as OID) is treated as qualified stated interest, as described below.

Payments of qualified stated interest on a Taxable Bond are taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received in accordance with the U.S. Holder’s regular method of tax accounting. A U.S. Holder of a Taxable Bond having a maturity of more than one year from its date of issue generally must include OID in income as ordinary interest as it accrues on a constant-yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder’s regular method of tax accounting. The amount of OID included in income by the U.S. Holder of a Taxable Bond is the sum of the daily portions of OID with respect to such Taxable Bond for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Taxable Bond. The daily portion of OID on any Taxable Bond is determined by allocating to each day in any “accrual period” a ratable portion of the OID allocable to the accrual period. All accrual periods with respect to a Taxable Bond may be of any length and the accrual periods may vary in length over the term of the Taxable Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or final day of an accrual period. The amount of OID allocable to an accrual period is generally equal to the difference between (i) the product of the Taxable Bond’s “adjusted issue price” at the beginning of such accrual period and such Taxable Bond’s yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Taxable Bond at the beginning of any accrual period is the issue price of the Taxable Bond plus the amount of accrued OID includable in income for all prior accrual periods minus the amount of any prior payments on the Taxable Bond other than qualified stated interest payments. The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (i) the amount payable at the maturity of the Taxable Bond (other than a payment of qualified stated interest) and (ii) the Taxable Bond’s adjusted issue price as of the beginning of the final accrual period. Under the OID rules, U.S. Holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

A U.S. Holder may elect to include in gross income all interest that accrues on a Taxable Bond using the constant-yield method described immediately above under the heading “Original Issue Discount,” with the modifications described below. For purposes of this election, interest includes, among other things, stated interest, OID and de minimis OID, as adjusted by any amortizable bond premium described below under the heading “Bond Premium”. In applying the constant-yield method to a Taxable Bond with respect to which this election has been made, the issue price of the Taxable Bond will equal its cost to the electing U.S. Holder, the issue date of the Taxable Bond will be the date of its acquisition by the electing U.S. Holder, and no payments on the Taxable Bond will be treated as payments of qualified stated interest. The election will generally apply only to the Taxable Bond with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service. If this election is made with respect to a Taxable Bond with amortizable bond premium, then the electing U.S. Holder will be deemed to have elected to apply amortizable bond premium against interest with respect to all debt instruments with amortizable bond premium (other than debt instruments the interest on which is excludable from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Taxable Bond with respect to

which the election is made is acquired or thereafter acquired. The deemed election with respect to amortizable bond premium may not be revoked without the consent of the Internal Revenue Service.

U.S. Holders of any Taxable Bonds issued with OID should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Taxable Bonds.

Bond Premium

In general, if a U.S. Holder acquires a Taxable Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Taxable Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Taxable Bond (a “Taxable Premium Bond”). In general, if a U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to such holder’s basis in the Taxable Premium Bond. Any such election applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired, and is irrevocable without the Internal Revenue Service’s consent. A U.S. Holder of a Taxable Premium Bond that so elects to amortize bond premium does so by offsetting the qualified stated interest allocable to each interest accrual period under the U.S. Holder’s regular method of Federal tax accounting against the bond premium allocable to that period. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is treated as a bond premium deduction under Section 171(a)(1) of the Code, subject to certain limitations. If a Taxable Premium Bond is optionally callable before maturity at a price in excess of its stated redemption price at maturity, special rules may apply with respect to the amortization of bond premium. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

U.S. Holders of any Taxable Premium Bonds should consult their own tax advisors with respect to the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Taxable Premium Bonds.

U.S. Holders - Disposition of Taxable Bonds

Except as discussed above, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Taxable Bond. A U.S. Holder’s adjusted tax basis in a Taxable Bond generally will equal such U.S. Holder’s initial investment in the Taxable Bond, decreased by the amount of any payments, other than qualified stated interest payments, received and bond premium amortized with respect to such Taxable Bond. Such gain or loss generally will be long-term capital gain or loss if the Taxable Bond was held for more than one year.

U.S. Holders - Defeasance

U.S. Holders of the Taxable Bonds should be aware that, for Federal income tax purposes, the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the Resolution of the Taxable Bonds (a “defeasance”) (See “Appendix D – Summary of Certain Provisions of the Resolution”), could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for Federal income tax purposes, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected. U.S. Holders of the Taxable Bonds are advised to consult with their own tax advisors regarding the consequences of a defeasance for Federal income tax purposes, and for state and local tax purposes.

U.S. Holders - Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate U.S. Holders with respect to payments of principal, payments of interest and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding at a rate of 28% for the years 2003-2010 and at a rate of 31% for the year

2011 and thereafter, will apply to such payments unless the U.S. Holder (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury, when required, that such U.S. Holder is not subject to backup withholding and has not been notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its United States Federal income tax returns.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

Circular 230 Disclosure

The advice under the caption "Series 2013B Bonds," concerning certain income tax consequences of the acquisition, ownership and disposition of the Taxable Bonds, was written to support the marketing of the Taxable Bonds. To ensure compliance with requirements imposed by the Internal Revenue Service, each prospective purchaser of the Taxable Bonds is advised that (i) any Federal tax advice contained in this Official Statement (including any attachments) or in writings furnished by Bond Counsel is not intended to be used, and cannot be used by any bondholder, for the purpose of avoiding penalties that may be imposed on the bondholder under the Code, and (ii) the bondholder should seek advice based on the bondholder's particular circumstances from an independent tax advisor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

For the proposed forms of the opinions of Co-Bond Counsel relating to the Series 2013B Bonds, see Appendix F hereto.

PART 12 - STATE NOT LIABLE ON THE SERIES 2013 BONDS

The Act provides that notes and bonds of DASNY 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 DASNY. The Resolution specifically provides that the Series 2013 Bonds are not a debt of the State and that the State is not liable on them.

PART 13 - COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of DASNY's notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY'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 DASNY and with the holders of DASNY's notes or bonds.

PART 14 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2013 Bonds by DASNY are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel to DASNY, and to certain conditions. The approving opinions of Co-Bond Counsel will be delivered with the Series 2013 Bonds. The proposed forms of such opinions are set forth in Appendix F hereto.

Certain legal matters will be passed upon for the University by its General Counsel and by its special finance counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig, LLP, Boston, Massachusetts.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2013 Bonds or questioning or affecting the validity of the Series 2013 Bonds or the proceedings and authority under which they are to be issued.

PART 15 - UNDERWRITING

The Series 2013A Bonds are being purchased for reoffering by the underwriters listed on the cover page hereof (together, the “Underwriters”), for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated will act as representative, pursuant to a bond purchase agreement between DASNY and the Underwriters. The Underwriters have agreed, subject to certain conditions, to purchase the Series 2013A Bonds from DASNY at an aggregate purchase price of \$104,043,949.89 (reflecting a net original issue premium of \$8,935,845.30 and an Underwriters’ discount of \$731,895.41) and to make a public offering of Series 2013A Bonds at prices (or yields) that are not in excess of the public offering prices (or yields) stated on the inside cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2013A Bonds if any are purchased.

The Series 2013B Bonds are being purchased for reoffering by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Series 2013B Underwriter”), pursuant to a bond purchase agreement between DASNY and the Series 2013B Underwriter. The Series 2013B Underwriter has agreed, subject to certain conditions, to purchase the Series 2013B Bonds from DASNY at an aggregate purchase price of \$19,555,702.67 (reflecting an Underwriter’s discount of \$114,297.33) and to make a public offering of Series 2013B Bonds at prices (or yields) that are not in excess of the public offering prices (or yields) stated on the inside cover page of this Official Statement. The Series 2013B Underwriter will be obligated to purchase all such Series 2013B Bonds if any are purchased.

The Series 2013 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their affiliates are financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for DASNY and/or the University, for which it received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of DASNY and/or the University.

PART 16 - CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the University has undertaken in a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Bondholders to provide to Digital Assurance Certification LLC (“DAC”), on behalf of DASNY as DASNY’s disclosure dissemination agent, on or before 150 days after the end of each Fiscal Year, commencing with the Fiscal Year of the University ending June 30, 2013, for filing by DAC with the Municipal Securities Rulemaking Board (“MSRB”) and its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in “PART 6 - THE UNIVERSITY” of this Official Statement (the “Annual Information”), together with the University’s annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America. However, if audited financial statements are not then available, unaudited financial statements are to be delivered to DAC for delivery to the MSRB.

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

The University also will undertake in the Continuing Disclosure Agreement to provide to DASNY, the Trustee and DAC, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”), in a timely manner, such that DAC will be able to file such Notices no later than 10 business days after the occurrence of the event. In addition, DASNY and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should DASNY have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the University, the Trustee or DASNY, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2013 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the University, DASNY or the Trustee has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the University, the Trustee or DASNY and shall not be deemed to be acting in any fiduciary capacity for DASNY, the University, the Holders of the Series 2013 Bonds or any other party. DAC has no responsibility for the failure of DASNY or the University to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the University, the Trustee or DASNY has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the University, the Trustee and DASNY with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as DASNY’s disclosure dissemination agent terminate, DASNY 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 will consist of the following: (a) operating data and financial information of the type included in this Official Statement in “PART 6 - THE UNIVERSITY” 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 in the table under the table heading “**STUDENT TUITION CHARGES**,” (4) *financial aid*, similar to that set forth in the tables under the table heading “**SOURCES OF FINANCIAL AID**,” (5) *faculty*, similar to that set forth in the table under the table 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 University, retirement plans; (7) *endowment and similar funds*, unless such information is included in the audited financial statements of the University; (8) *plant values*, unless such information is included in the audited financial statements of the University; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited financial statements of the University,” together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the University and in judging the financial and operating condition of the University and (c) the University’s Debt Service Coverage Ratio for the most recent Fiscal Year for which Audited Financial Statements are available.

The Notices include notices of any of the following events (the “Notice Events”) with respect to the Series 2013 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (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, IRS notices or events affecting the tax status of the Series 2013 Bonds; (7) modifications to the rights of holders of the Series 2013 Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2013 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the University; (14) merger, consolidation or acquisition of the University, if material; and (15) appointment of a successor or additional trustee, or the change in name of a trustee, if material. In addition, DAC will undertake, for the benefit of the Holders of the Series 2013 Bonds, to provide to the MSRB, in a timely manner, notice of any failure by the University to provide the Annual Information and annual financial statements by the date required in the University’s undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the University, the Trustee and/or DASNY, and no person, including any Holder of the Series 2013 Bonds, may recover monetary damages thereunder under any circumstances. DASNY or the University may be compelled to comply with their respective obligations

under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2013 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2013 Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2013 Bonds. However, the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2013 Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement will not constitute an Event of Default under the Resolution, the Series 2013A Resolution, the Series 2013B Resolution or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, will no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it is related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Series 2013 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2013 Bonds will be on file at the principal office of DASNY.

The University entered into continuing disclosures agreements in 1997 with respect to DASNY's Pace University Insured Revenue Bonds, Series 1997 (the "1997 Agreement"), in 2000 with respect to DASNY's Pace University Insured Revenue Bonds, Series 2000 (the "2000 Agreement") and in 2005 with respect to the Refunded Bonds (the "2005 Agreement," and together with the 1997 Agreement and the 2000 Agreement, the "Previous Agreements").

The 1997 Agreement and the 2000 Agreement required the University to file its annual information within 120 days of the end of its fiscal year. The 2005 Agreement requires the University to file its annual information within 150 days of the end of its fiscal year. Over the past five years, the University failed to file its annual information for each fiscal year in the time frame required by the 1997 Agreement and the 2000 Agreement, however, the University did make timely filings of its annual information in accordance with the 2005 Agreement and all material event filings required under the Previous Agreements were made in a timely manner. The 1997 Agreement and the 2000 Agreement are no longer in effect, and the University expects that it will continue to provide its annual information within 150 days after the end of each fiscal year, as required by the Continuing Disclosure Agreement.

PART 17 - RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("Standard & Poor's") has assigned a rating of "BBB-" with a stable outlook to the Series 2013 Bonds. Such rating reflects only the views of such rating agency and any desired explanation of the significance of such rating should be obtained from the rating agency at the following addresses: 55 Water Street, New York, New York 10041. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2013 Bonds.

PART 18 - VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas, CPA, LLC (the "Verification Agent"), a firm of independent certified public accountants, will deliver to DASNY, the University and the Underwriters on or before the delivery date of the Series 2013 Bonds, its verification report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the University and its representatives. Included in the scope of the report will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash to pay, when due, the maturing principal of, interest on and any redemption premium of the Refunded Bonds, and (b) the mathematical computations supporting the conclusions of Co-Bond Counsel that the Series 2013 Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

PART 19 - REMARKETING

General

The initial Remarketing Agent for the Series 2013B Bonds shall be Merrill Lynch, Pierce, Fenner & Smith Incorporated. The Remarketing Agent has agreed to remarket the Series 2013B Bonds on a best efforts basis, subject to the provisions of a remarketing agreement by and among the University, DASNY and the Remarketing Agent. The University has agreed to indemnify the Remarketing Agent and DASNY against certain liabilities, including certain liabilities arising under federal and state securities laws.

The Remarketing Agent will set the interest rates on the Series 2013B Bonds during the R-FLOATs Rate Mode or for other interest rate modes and perform the other duties and remarket the Series 2013B Bonds as provided for in the Resolutions, subject to the provisions of the remarketing agreement. The Remarketing Agent may deal in Series 2013B Bonds for its own account for its own account or as broker or agent for others and may do anything any other Bondholder may do to the same extent as if the Remarketing Agent were not serving as such.

The Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and its affiliates have, from time to time, performed and may in the future perform, various investment banking services for the University, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University.

Certain Considerations Concerning the Remarketing of the Series 2013B Bonds

The Remarketing Agent is Paid by the University

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series 2013B Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the remarketing agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the University and is paid by the University for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2013B Bonds.

The Remarketing Agent Routinely Purchases Series 2013B Bonds for its Own Account

The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2013B Bonds for its own account. The Remarketing Agent, in its sole discretion, routinely acquires tendered bonds for its own inventory in order to achieve a successful remarketing of such bonds (i.e., because there are otherwise not enough buyers to purchase the bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase tendered Series 2013B Bonds and may cease doing so at any time without notice. The Remarketing Agent also may make a market in the Series 2013B Bonds by routinely purchasing and selling Series 2013B 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 Series 2013B Bonds. The Remarketing Agent also may sell any Series 2013B 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 Series 2013B Bonds. The purchase of Series 2013B Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2013B Bonds in the market than is actually the case. The practices described above also may reduce the supply of Series 2013B Bonds that may be tendered in a remarketing.

Series 2013B Bonds May be Offered at Different Prices on Any Date Including an R-FLOATs Mode Rate Determination Date

Pursuant to the remarketing agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2013B Bonds at par plus accrued interest, if any, on and as of the applicable R-FLOATs Mode Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Series 2013B Bonds (including whether the Remarketing Agent is willing to purchase Series 2013B Bonds for its own account). There may or may not be Series 2013B Bonds tendered and remarketed on an R-FLOATs Mode Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 2013B Bonds tendered for purchase on such date at par and the

Remarketing Agent may sell Series 2013B Bonds at varying prices to different investors on such date 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 Series 2013B Bonds at the remarketing price. In the event a Remarketing Agent owns any Series 2013B Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2013B Bonds on any date, including the R-FLOATs Mode Rate Determination Date, at a discount to par to some investors.

The Ability to Sell the Series 2013B Bonds May Be Limited

While the Remarketing Agent may buy and sell Series 2013B Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Series 2013B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2013B Bonds.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2013B 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 the remarketing agreement.

PART 20 - MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolutions, the Loan Agreement, the Master Indenture, the Series 2013 Supplemental Indentures, the Series 2013 Obligations and the Mortgage do not purport to be complete. Refer to the Act, the Resolutions, the Loan Agreement, the Master Indenture, the Series 2013 Supplemental Indentures, the Series 2013 Obligations and the Mortgage for full and complete details of their provisions. Copies of such documents are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2013 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2013 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2013 Bonds.

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

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

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

"Appendix A - Certain Definitions," "Appendix C - Summary of Certain Provisions of the Loan Agreement," "Appendix D - Summary of Certain Provisions of the Resolution," and "Appendix F - Forms of Approving Opinions of Co-Bond Counsel" have been prepared by Hawkins Delafield & Wood LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel to DASNY.

"Appendix B - Financial Statements of Pace University and Independent Auditors' Report" contains the financial statements of the University as of and for the years ended June 30, 2012 and 2011 which have been audited by KPMG LLP, independent accountants as stated in their report appearing therein.

"Appendix E - Summary of Certain Provisions of the Master Indenture" has been prepared by Nixon Peabody LLP, New York, New York, counsel to the University.

The University has reviewed the parts of this Official Statement describing the University, the Sources of Payment and Security for the Series 2013 Bonds, the Estimated Sources and Uses of Funds, Principal and Interest Requirements, the Plan of Finance, Bondholders' Risks and Appendix B. The University, as a condition to issuance of the Series 2013 Bonds, is required to certify that as of the date of this Official Statement, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

**DORMITORY AUTHORITY OF
THE STATE OF NEW YORK**

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

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CERTAIN DEFINITIONS

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

“Act” means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, and constituting Title 4 of Article 8 of the Public Authorities Law), as the same may be amended from time to time.

“Additional Indebtedness” means any Indebtedness incurred by the University subsequent to the issuance of Obligation No. 2 under the Master Indenture.

“Alternate Rate” shall mean the interest rate per annum set forth below, based on the rating then in effect on the Series 2013B Bonds by Standard & Poor’s Rating Services:

Rating	Alternate Rate
Above than AA+	7.0%
From and including AA- to and including AA+	8.0%
From and including A- to and including A+	9.0%
From and including BBB- to and including BBB+	10.0%
Lower than BBB- or rating withdrawn for credit reasons	Maximum Rate

“Annual Administrative Fee” means the annual fee for the general administrative expenses of the Authority in the amount or percentage stated in the Loan Agreement.

“Annual Debt Service” means as of any date of calculation, the amount required to be paid by the University during the then current Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions or prepayments, of and interest on such Indebtedness, also taking into account:

(i) with respect to Balloon Indebtedness either (a) the amount of principal which would be payable in such period if such principal were amortized equally over the remaining term to the earlier of maturity or the date on which such Balloon Indebtedness is subject to mandatory redemption, prepayment or purchase by the University, or (b) the term of refinancing if such Indebtedness is subject to a binding commitment for the refinancing of such Indebtedness, in each case with level annual debt service, at a rate of interest equal to that derived from the Bond Index, as determined by an Officer’s Certificate;

(ii) with respect to Long-Term Indebtedness which is Variable Rate Indebtedness the interest on such Indebtedness shall be calculated at the election of the University at either (a) the rate at which is equal to the Bond Index at that time or (b) the average of the actual interest rates which were in effect for the prior six months;

(iii) with respect to any Liquidity Facility, to the extent that such Liquidity Facility has not been used or drawn upon, the principal and interest relating to such Liquidity Facility shall not be included in the Annual Debt Service;

(iv) with respect to any Guaranty, in accordance with the definition of “Guaranty” in Section 1.01 of the Master Indenture;

(v) with respect to Derivative Indebtedness, the principal or notional amount thereof shall be disregarded and interest on such Indebtedness during any Derivative Period and for so long as the provider of the Derivative Agreement has not defaulted on its payment obligations thereunder shall

Appendix A

be calculated by adding (x) the amount of interest payable by the University on such Derivative Indebtedness pursuant to its terms and (y) the amount of interest payable by the University under the Derivative Agreement and subtracting (z) the amount of interest payable by the provider of the Derivative Agreement at the rate specified in the Derivative Agreement; provided, however, that to the extent that the provider of any Derivative Agreement is in default thereunder, the amount of interest payable by the University shall be the interest calculated as if such Derivative Agreement had not been executed;

(vi) with respect to Short-Term Indebtedness, interest shall equal the amount of interest actually paid by the University on such Short-Term Indebtedness during the most recently concluded Fiscal Year;

(vii) with respect to Indebtedness sold to the original purchaser (excluding an underwriter or similar intermediary) at a discount from the par amount thereof, the amount of such Indebtedness shall, at the option of the University, be deemed to be the accreted value of such Indebtedness computed on the basis of a constant yield to maturity;

provided, however, that capitalized interest, Escrowed Interest and Escrowed Principal shall be excluded from the determination of Annual Debt Service.

“Applicable” means (i) with respect to any Construction Fund, Arbitrage Rebate Fund, Debt Service Fund, or Debt Service Reserve Fund, the fund so designated and established by an Applicable Series Resolution authorizing an Applicable Series of Bonds relating to particular Projects, (ii) with respect to any Debt Service Reserve Fund Requirement, the said Requirement established in connection with a Series of Bonds by the Applicable Series Resolution or Bond Series Certificate, (iii) with respect to any Series Resolution, the Series Resolution relating to a particular Series of Bonds, (iv) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for particular Projects, (v) with respect to any Loan Agreement and the contractual obligations contained therein, the Loan Agreement and the obligations contained therein with respect to a particular Series of Bonds, relating to particular Projects for the University, (vi) with respect to the Trustee, the Trustee identified in the Applicable Series Resolution, (vii) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution, (viii) with respect to any Credit Facility, if any, or Credit Facility Issuer, if any, the Credit Facility or Credit Facility Issuer relating to a particular Series of Bonds and (ix) with respect to any Obligation, means such Obligation issued pursuant to the Master Indenture to secure a Series of Bonds issued under the Resolution.

“Appraised Value” means, as of any given point in time, the fair market value of the Mortgaged Property as determined by a professional appraiser and delivered in writing to the Master Trustee.

“Arbitrage Rebate Fund” means the fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

“Audited Financial Statements” means financial statements for a twelve-month period, or for such other period for which an audit has been performed, prepared in accordance with generally accepted accounting principles, which have been audited and reported upon by independent certified public accountants for the University.

“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 a fee payable to the Authority equal to the payment to be made upon the issuance of a Series of Bonds in an amount set forth in the Applicable Series Resolution, unless otherwise provided in the Applicable Series Resolution.

“Authorized Denominations” means (a) during any Daily Rate Period or any Weekly Rate Period, \$100,000 or any integral multiple of \$5,000 in excess thereof (b) during any Commercial Paper Rate Period,

\$100,000 or any integral multiple of \$5,000 in excess thereof (c) during any Term Rate Period or the Fixed Rate Period, \$5,000 or any integral multiple thereof and (d) during any R-FLOATs Rate Period, except as otherwise may be provided Applicable Bond Series Certificate, \$100,000 or any integral multiple of \$5,000 in excess thereof.

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

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

“Authorized Representative” means, with respect to the University, the President or the Chief Financial Officer of the University or any other person or persons designated an Authorized Representative of the University in writing by the President or the Chief Financial Officer and with respect to the Master Trustee, any designated officer who is then authorized by the current signing authorities of the Master Trustee to execute corporate trust agreements and related Documents on behalf of the Master Trustee.

“Available Moneys” means, (a) whenever a Liquidity Facility is required by the Series 2013B Certificate to be maintained for the Series 2013B Bonds (i) moneys obtained by the Trustee or the Tender Agent from the Provider thereof pursuant to such Liquidity Facility and held by the Tender Agent for payment of the Purchase Price of such Series 2013B Bonds, (ii) moneys derived from the remarketing of Series 2013B Bonds which are directly paid to and held by the Tender Agent for the payment of the Purchase Price of such Series 2013B Bonds in accordance with the Applicable Bond Certificate, (iii) moneys which have been on deposit with the Trustee or the Tender Agent, as applicable, for at least one hundred twenty-four (124) days prior to and during which no petition by or against the Authority or the University, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the “Bankruptcy Code”) shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal, (iv) any other moneys the application of which to the payment of the Purchase Price of the Series 2013B Bonds would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority under the Bankruptcy Code and (v) the proceeds from the investment of moneys described in clauses (i) through (iv) above; and (b) at any other time, any moneys.

“Balloon Indebtedness” means Long-Term Indebtedness of which 25% or more in principal amount matures, is mandatorily required to be redeemed or prepaid, or is required to be purchased by the University (either automatically or at the option of the holder of such Balloon Indebtedness) in any one year.

“Bank Bond” means any Series 2013B Bond during the period from and including the date it is purchased or paid for by a Provider pursuant to a Liquidity Facility to, but excluding, the earliest of (a) the date on which the principal, Redemption Price or Purchase Price of such Series 2013B Bond, together with all interest accrued thereon, is paid with amounts other than amounts drawn under the Liquidity Facility, (b) the date on which the registered owner of a Series 2013B Bond has given written notice of its determination not to sell such Series 2013B Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Series 2013B Bond, or, if notice of such determination is not given on or before the Business Day next succeeding the day such purchase notice is received, the second Business Day succeeding receipt of such purchase notice or (c) the date on which such Series 2013B Bond is to be purchased pursuant to an agreement by the registered owner of such Series 2013B Bond to sell such Series 2013B Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Series 2013B Bond, if the Trustee then holds, in trust for the benefit of such registered owner, sufficient

Appendix A

moneys to pay the Purchase Price of such Series 2013B Bond, together with the interest accrued thereon to the date of purchase.

“Bank Bond Rate” means the rate at which a Bank Bond bears interest in accordance with a Liquidity Facility or the Reimbursement Agreement providing for the issuance of a Liquidity Facility; provided, however, that in no event shall such rate exceed the Maximum Rate applicable thereto.

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

“Bond” or “Bonds” means (i) when used in the context of the Resolution, any of the bonds of the Authority authorized pursuant to the Resolution and issued pursuant to an Applicable Series Resolution, and (ii) when used in the context of the Loan Agreement, the Series 2013 Bonds.

“Bond Counsel” means an attorney or a law firm, appointed by the Authority with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Index” as selected by the Authorized Representative of the University, either (i) the Bond Buyer thirty (30) year “Revenue Bond Index”, as then published most recently by The Bond Buyer, New York, New York or a comparable index, if such index is no longer available or (ii) the SIFMA Index.

“Bond Payment Date” means an Interest Payment Date and any date on which the principal of a Series 2013B Bond is due and payable upon its maturity or its redemption through mandatory Sinking Fund Installments, but the principal does not include the Purchase Price of Tendered Bonds or the Redemption Price of a Series 2013B Bond called for redemption pursuant to the Series 2013B Certificate.

“Bond Series Certificate” means a certificate of the Authority fixing terms, conditions and other details of Bonds of an Applicable Series in accordance with the delegation of power to do so under an Applicable Series Resolution, as it may be amended from time to time.

“Bond Trustee” means The Bank of New York Mellon, a banking organization duly organized under the laws of the State of New York and any successor to its duties under the Related Bond Indenture.

“Bond Year” means, unless otherwise stated in the Applicable Series Resolution, a period of twelve (12) consecutive months beginning June 30 in any calendar year and ending on July 1 of the succeeding calendar year.

“Bondholder”, “Holder of Bonds”, “Holder”, “owner” or any similar term, when used with reference to a Bond or Bonds of a Series, means the registered owner of any Bonds of such Series, except as provided in the Resolution.

“Business Day” means a day other than (a) a Saturday and Sunday or (b) a day on which any of the following are authorized or required to remain closed: (i) banks or trust companies chartered by the State of New York or the United States of America, (ii) the Trustee, or (iii) the New York Stock Exchange.

“Capital Addition” means any addition, improvement or extraordinary repair to or replacement of any Property, whether real, personal or mixed, the cost of which is properly capitalized under generally accepted accounting principles.

“Certificate of Determination” means a certificate of an Authorized Officer of the Authority executed upon the Conversion of Series 2013B Bonds out of a Rate Mode to an Initial Rate Period, if necessary, prior to the Conversion of Series 2013B Bonds to a Daily Rate Mode, a Weekly Rate Mode, or a Commercial Paper Mode,

setting forth the Initial Rate, the Initial Rate Period, the first Interest Payment Date if other than a date on which interest would otherwise be payable Series 2013B Certificate, and the matters required by the Series 2013B Certificate relating to a Liquidity Facility.

“Commercial Paper Mode” means a Rate Mode in which a Series 2013B Bond for its respective Commercial Paper Rate Period bears interest at a Commercial Paper Rate.

“Commercial Paper Rate” means, with respect to each Series 2013B Bond in the Commercial Paper Mode, the rate at which each such Series 2013B Bond bears interest during the Commercial Paper Rate Period applicable thereto, as established in accordance with the Series 2013B Certificate.

“Commercial Paper Rate Period” means, with respect to a particular Series 2013B Bond, a period commencing on a Conversion Date or a Reset Date and extending for a period of one to two hundred seventy days (1 to 270 days) during which such Series 2013B Bond bears interest at a Commercial Paper Rate; **provided, however,** that the first day immediately following the last day of each Commercial Paper Rate Period shall in all events be a Business Day.

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

“Construction Fund” means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

“Consultant” means a firm or firms, selected by the University, which is a professional management consultant or investment banking firm or other financial institution of national repute for having the skill and experience necessary to render the particular report required by the provision of the Master Indenture in which such requirement appears and which is (i) not unacceptable to the Master Trustee, and (ii) so long as any Liquidity Facility for Related Bonds remains in effect, acceptable to such Facility Provider.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, by and among the Authority, the University, Digital Assurance Certification, L.L.C and the Trustee.

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

“Conversion” means a change in the Rate Mode of a Series 2013B Bond made in accordance with the provisions of the Series 2013B Certificate.

“Conversion Date” means the day on which a Series 2013B Bond is converted from one Rate Mode to a different Rate Mode or was proposed to be converted from one Rate Mode to another Rate Mode, which date must be a Reset Date or an Interest Payment Date for such Series 2013B Bond.

“Conversion Notice” means a notice given pursuant to the Series 2013B Certificate.

“Corporate Trust Office” means the office of the Master Trustee at which its principal corporate trust business is conducted, which at the date of the Master Indenture is located in New York, New York.

“Cost” or “Costs of Issuance” means the items of expense incurred in connection with the authorization, sale and issuance of a Series of 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 such Bonds, premiums, commitment fees and similar charges relating to a Reserve Fund Facility or a

Appendix A

Hedge Agreement, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

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

“Counterparty” means any person with which the Authority or the University 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 any letter of credit or municipal bond insurance policy satisfactory to the Authority which insures payment of principal, interest and, if agreed to by the Credit Facility Issuer and the University, redemption premium on the Bonds of any Series when due and issued and delivered to the Trustee or similar insurance or guarantee if so designated, all in accordance with the Applicable Series Resolution.

“Credit Facility Default” means with respect to a Credit Facility Issuer any of the following: (a) there shall occur a default in the payment of principal of or any interest on any Bond by the Credit Facility Issuer when required to be made under the terms of the Credit Facility, (b) a Credit Facility shall have been declared null and void or unenforceable in a final determination by a court of law of competent jurisdiction or (c) such Credit Facility Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of such Credit Facility Issuer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors.

“Credit Facility Issuer” means, with respect to any Series of Bonds for which a Credit Facility is held by the Trustee, the firm, association or corporation, including public bodies and governmental agencies, acceptable to the Authority, which has issued such Credit Facility in connection with such Series of Bonds, and the successor or assign of the obligations of such firm, association or corporation under such Credit Facility.

“Daily Rate” means the rate at which a Series 2013B Bond in the Daily Rate Mode bears interest, as established in accordance with the Series 2013B Certificate.

“Daily Rate Mode” means a Rate Mode in which a Series 2013B Bond in such Rate Mode bears interest at a Daily Rate.

“Daily Rate Period” means a period commencing on a Conversion Date or on a Business Day and extending to, but not including, the next succeeding Business Day, during which Series 2013B Bonds in the Daily Rate Mode bear interest at the Daily Rate.

“Debt Service Coverage Ratio” means for any period of time the ratio determined by dividing the Operating Income Available for Debt Service by Annual Debt Service.

“Debt Service Fund” means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

“Debt Service Reserve Fund” means a reserve fund for the payment of the principal and Sinking Fund Installments, if any, of and interest on a Series of Bonds so designated, created and established by the Authority by or pursuant to an Applicable Series Resolution.

“Debt Service Reserve Fund Requirement” means the amount of moneys required to be deposited in the Debt Service Reserve Fund as determined in accordance with the Applicable Series Resolution pursuant to which such Debt Service Reserve Fund has been established.

“Default Notice” means a notice given by a Provider of a Liquidity Facility pursuant to such Liquidity Facility or the applicable Reimbursement Agreement to the effect that an event of default thereunder has occurred and that the Liquidity Facility will terminate on the date specified in such notice.

“Defeasance Obligations” means, unless modified by the terms of a particular Supplement, (i) noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations, (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian, and (v) stripped securities where the principal-only and interest-only strips of noncallable obligations are issued by the U.S. Treasury or Resolution Funding Corp. or securities stripped by the Federal Reserve Bank of New York.

“Defeasance Security” means, unless otherwise provided in an Applicable Series Resolution, (i) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligation; (ii) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligation; (iii) an Exempt Obligation, provided such Exempt Obligation (a) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, (c) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation, on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (a) above, and (d) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation. *provided, however*, that such term shall not include (1) any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof; and (iv) any other Permitted Investments acceptable to the Rating Agenc(ies).

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers provision for the payment of the principal of and interest on which shall have been made by irrevocable deposit with a trustee or escrow agent of (i) noncallable, nonprepayable Government Obligations or (ii) evidences of ownership

Appendix A

of a proportionate interest in specified noncallable, nonprepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, shall provide sufficient money to pay the principal of, redemption premium, if any, and interest on such obligations of state or local government municipal bond issuers.

“Defeased Obligations” means Obligations issued under a Supplement that has been discharged, or provision for the discharge of which has been made, pursuant to the terms of such Supplement.

“Depository” or “DTC” 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.

“Derivative Agreement” means, without limitation,

- (a) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract;
- (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices;
- (c) any contract to exchange cash flows or payments or series of payments;
- (d) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and
- (e) any other type of contract or arrangement that the University determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, or minimize investment risk or to protect against any type of financial risk or uncertainty.

“Derivative Indebtedness” means Indebtedness with respect to which University shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness.

“Derivative Period” means the period during which a Derivative Agreement is in effect.

“Escrowed Interest” means amounts of interest on Long-Term Indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the “Escrowed Interest Deposit”) which Escrowed Interest Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Interest.

“Escrowed Principal” means amounts of principal on Long-Term Indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the “Escrowed Principal Deposit”) which Escrowed Principal Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Principal.

“Event of Default” when used in connection with this Resolution, means each event described in Section 11.02 of the Resolution, when used in connection with the Loan Agreement, means each event described in Section 29 of the Loan Agreement, and when used in connection with the Master Indenture, means any one or more of those events set forth in Section 4.01 of the Master Indenture.

“Excess Earnings” means, with respect to the Applicable Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

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

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

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

“Facility Provider” means the issuer of a Reserve Fund Facility delivered to the Trustee or, with respect to the Master Indenture, the issuer of a Liquidity Facility with respect to Related Bonds.

“Federal Agency Obligation” means:

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

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

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

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

“Fiscal Year” means the fiscal year of the University, which shall be the twelve-month period commencing on July 1 of a calendar year and ending on the succeeding June 30 unless the Master Trustee is notified in writing by the University of a change in such period, in which case the Fiscal Year shall be the period set forth in such notice.

“Fitch” means Fitch IBCA, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Bond Trustee, which designated agency is acceptable to the Credit Facility Issuer.

“Fixed Rate” means the rate at which a Series 2013B Bond bears interest to its maturity during the Fixed Rate Period, as established in accordance with the Series 2013B Certificate.

“Fixed Rate Mode” means a Rate Mode in which a Series 2013B Bond in such Rate Mode bears interest at a Fixed Rate.

“Fixed Rate Period” means the period from and including the Conversion Date and extending (a) to and including the date of maturity of a Series 2013B Bonds in the Fixed Rate Mode or (b) to, but not including, the Conversion Date on which Series 2013B Bonds in the Fixed Rate Mode are converted to another Rate Mode.

“GAAP” means accounting principles generally accepted in the United States of America, consistently applied.

Appendix A

“Government Obligation” means (i) with respect to the Master Indenture, direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America and (ii) with respect to the Resolution, a direct obligation of the United States of America, an obligation the timely payment of principal of, and interest on, which are fully and unconditionally guaranteed by the United States of America, an obligation (other than an obligation subject to variation in principal repayment) to which the full faith and credit of the United States of America are pledged, an obligation of any of the following instrumentalities or agencies of the United States of America: (a) Federal Home Loan Bank System; (b) Export-Import Bank of the United States; (c) Federal Financing Bank; (d) Government National Mortgage Association; (e) Farmers Home Administration; (f) Federal Home Loan Mortgage Corporation; (g) Federal Housing Administration; (h) Private Export Funding Corp.; (i) Federal National Mortgage Association, and (j) upon the approval of the Authority and all Applicable Credit Facility Issuers, (i) an obligation of any federal agency and a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America or (ii) an obligation of any other agency or instrumentality of the United States of America created by Act of Congress, provided such obligation is rated at least “A” by S&P and Moody’s at all times.

“Governmental Requirements” means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to a Project, of the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or hereafter created, and having or asserting jurisdiction over a Project or any part thereof.

“Governmental Restrictions” means limitations relating to maintenance of tax-exempt status.

“Gross Proceeds” means, with respect to an Applicable Series of Bonds, the interest on which is tax-exempt, unless inconsistent with the provisions of the Code, (i) amounts received by the Authority from the sale of such Series of Bonds (other than amounts used to pay underwriters’ fees and other expenses of issuing such Series of Bonds), (ii) amounts treated as transferred proceeds of such Series of Bonds in accordance with the Code, (iii) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds, including any necessary allocation between two or more Series of Bonds in the manner required by the Code, (iv) amounts in the Debt Service Reserve Fund, (v) Securities or obligations pledged by the Authority or the University as security for payment of debt service on such Bonds, (vi) amounts received with respect to obligations acquired with Gross Proceeds, (vii) amounts used to pay debt service on such Series of Bonds, and (viii) amounts received as a result of the investment of Gross Proceeds at a yield equal to or less than the yield on such Series of Bonds as such yield is determined in accordance with the Code.

“Gross Revenues” means all tuition, fees, receipts, revenues, income, gains and other moneys received or receivable by or on behalf of the University, including without limitation contributions, donations, and pledges whether in the form of cash, securities or other personal property and the rights to receive the same whether in the form of accounts, payment on tangibles, contract rights, general intangibles, chattel paper, deposit accounts, instruments, promissory notes and the proceeds thereof, as such terms are presently defined or hereinafter defined in the Uniform Commercial Code in effect from time to time in the State of New York, and any insurance or condemnation proceeds thereon, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired; provided, Gross Revenues shall not include Restricted Moneys.

“Guaranty” means any obligation of the University guaranteeing in any manner, directly or indirectly, any obligation of any Person, which obligation of such other Person would, if such obligation were the obligation of the University, constitute Indebtedness under the Master Indenture. For the purposes of the Master Indenture, the aggregate annual principal and interest payments on any indebtedness in respect of which the University shall have executed and delivered its Guaranty shall be deemed to be equal to 20% of the amount which would be payable as principal of and interest on the indebtedness for which a Guaranty shall have been issued during the Fiscal Year for which any computation is being made (calculated in the same manner as the Annual Debt Service), provided, however, that (i) if there shall have occurred a payment by the University on such Guaranty, then, during the period commencing on the date of such payment and ending on the day which is one year after such other Person resumes making all payments on such guaranteed obligation, 100% of the amount payable for principal and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account or (ii) if the beneficiary’s debt service coverage ratio is less than 1.10, then, and for so long as the beneficiary’s debt

service coverage ratio remains below 1.10, 100% of the amount payable for principal and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account.

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

“Holder” means, with respect to the Master Indenture, an owner of any Obligation.

“Indebtedness” means, without duplication, indebtedness for borrowed money incurred or guaranteed by the University, 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 balance sheet of the University in accordance with GAAP; provided, however, the Indebtedness shall not include (i) leases entered into prior to January 1, 2013 and (ii) Non-Recourse Indebtedness.

“Initial Rate” when used in connection with any particular Series 2013B Bond means the rate per annum at which such Series 2013B Bond will bear interest during the Initial Rate Period, as set forth in the Series 2013B Certificate and, when used in connection with a Conversion, the respective rates per annum set forth in a Certificate of Determination.

“Initial Rate Period” (a) when used in connection with any particular Series 2013B Bonds, means the period commencing on the Issue Date and extending to and including the date set forth in the Series 2013B Certificate as the last day of the Initial Rate Period, and (b) when used in connection with a Conversion, the period commencing on the Conversion Date and extending to and including the date set forth in a Certificate of Determination as the last day of the Initial Rate Period.

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

“Insurance Trustee” means the person, if any, designated in the municipal bond insurance policy issued by a Credit Facility Issuer in connection with a Series of Outstanding Bonds with whom funds are to be deposited by such Credit Facility Issuer to make payment pursuant to such policy on account of the principal and Sinking Fund Installments of and interest on the Bonds of such Series.

“Interest Payment Date” means (a) with respect to any particular Series 2013B Bond, the day next succeeding the last day of the Initial Rate Period for such Series 2013B Bond, (b) during any Daily Rate Period, Weekly Rate Period or R-FLOATs Rate Period other than a Special R-FLOATs Rate Period, the first Business Day of each month, during any Special R-FLOATs Rate Period of 90 days or less, the first Business Day of the month following the last day of such Special R-FLOATs Rate Period and during any R-FLOATs Rate Period of more than 90 days, the first Business Day of each third month following the commencement of such Special R-FLOATs Rate Period and the first Business Day of the month following the last day of such Special R-FLOATs Rate Period, (c) during any Commercial Paper Rate Period, the next succeeding Reset Date or Conversion Date, and (d) during any Term Rate Period or the Fixed Rate Period, each January 1 and July 1; **provided, however**, that if so provided in a Certificate of Determination the first Interest Payment Date may be a date that is different from the date on which interest would otherwise be payable; **provided, further**, that interest on Bank Bonds shall be payable at the times required by the Reimbursement Agreement. If any such date is not a Business Day, the Interest Payment Date shall be the succeeding Business Day.

Appendix A

“Interest Rate Exchange Agreement” means (i) an agreement entered into by the Authority or the University in connection with the issuance of or which relates to Bonds of a Series which provides that during the term of such agreement the Authority or the University is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds and that the Counterparty is to pay to the Authority or the University an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related hedge agreements or arrangements.

“Investment Agreement” means an agreement for the investment of moneys with a Qualified Financial Institution approved by any Applicable Credit Facility Issuer.

“Letter of Credit” means an irrevocable direct-pay letter of credit issued or extended by (i) a bank, savings bank, savings and loan association or trust company organized under the laws of any state of the United States of America and authorized to do business in the State, (ii) a trust company, (iii) a national banking association, (iv) an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, or (vi) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

“Lien” means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property which secures any Indebtedness or any other obligation of the University or which secures any obligation of any Person, other than an obligation to the University, and excluding liens applicable to Property in which the University has only a leasehold interest unless the lien secures Indebtedness.

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

“Loan Agreement” means (i) the Loan Agreement by and between the Authority and the University, in connection with the issuance of an Applicable Series of Bonds, as the same may from time to time be amended, supplemented or otherwise modified as permitted hereby and by the Loan Agreement, and (ii) with respect to the Master Indenture, a loan agreement or lease agreement by and between the University and a Related Bond Issuer relating to the loan of proceeds of bonds of a Related Bond Issuer..

“Long-Term Indebtedness” means Indebtedness having an original maturity of greater than one (1) year or Indebtedness on which the University 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.

“Mandatory Tender Date” means any date on which a Series 2013B Bond is required to be purchased in accordance with the Series 2013B Certificate.

“Master Trustee” means The Bank of New York Mellon, a banking organization duly organized under the laws of the State of New York, and its successors in the trusts created under the Master Indenture.

“Material Adverse Effect” means a material and adverse change in (a) the business or financial condition of the University or its tax exempt status, (b) the ability of the University to perform or comply with any of its material obligations under the Master Indenture or under any Loan Agreement or with respect to any Related Bonds, (c) the tax status of any Related Bonds the interest on which is intended to be excluded from gross income of the owners thereof for purposes of federal income taxation, (d) the value of the Mortgaged Property or the validity or priority of the lien of any Mortgage in favor of the Master Trustee or (e) the validity or priority of the lien on the Gross Revenues in favor of the Master Trustee. Whether any such change constitutes a Material Adverse Effect shall be determined by the Master Trustee and the Master Trustee may rely on an opinion of counsel in making such determination.

“Maximum Annual Debt Service” means as of any particular date of calculation the greatest amount of Annual Debt Service for the then current Fiscal Year or any succeeding Fiscal Year.

“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.

“Maximum Rate” means (a) in the case of a Series 2013B Bond rated “BBB-” or higher by at least one Rating Service, bearing interest at any Rate other than a Bank Bond Rate, fifteen percent (15%) per annum and (b) in the case of a Series 2013B Bond not rated “BBB-” or higher by at least one Rating Service or bearing interest at a Bank Bond Rate, twenty-two percent (22%) per annum; **provided, however,** that in no event shall the Rate at which any Series 2013B Bond bears interest exceed the maximum rate permitted by law.

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

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

“Mortgage” means that certain mortgage dated as of the date of delivery of Obligation No. 1, from the University to the Authority and assigned by the Authority to the Master Trustee, executed and delivered in order to secure Obligations issued under the Master Indenture to the extent so provided in the Supplement authorizing the issuance of such Obligations.

“Mortgaged Property” means any and all Property, whether real, personal or mixed, and all rights and interests in and to the Property which is subject to the liens and security interests created under a Mortgage.

“Nationally Recognized Rating Agency” means Standard & Poor’s Rating Group, Moody’s Investor Services, Inc., Fitch Ratings or another nationally recognized statistical rating organization, identified by the Securities and Exchange Commission which then provides a rating on the Related Bonds at the request of the University.

“Non-Recourse Indebtedness” means any installment sale or conditional sale contracts or any other Indebtedness incurred to finance the purchase of property secured by a mortgage or other lien on such property (other than Mortgaged Property) as to which the creditor has agreed that it will not seek to enforce or collect such Indebtedness out of any property or assets of the University 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 University .

Appendix A

“No Remarketing Notice” means, as of any date of determination, a notice given by the Provider of a Liquidity Facility pursuant to such Liquidity Facility or the applicable Reimbursement Agreement to the effect that an event of default under the Liquidity Facility or the Reimbursement Agreement has occurred and that from and after the date specified therein no Tendered Bonds to which the Liquidity Facility relates are to be remarketed.

“Obligation” means (a) when used in connection with the Resolution, each obligation issued pursuant to the Master Indenture to secure a Series of Bonds, (b) when used in connection with the Loan Agreement, means Obligation No. 1 and Obligation No. 2, and (c) when used in connection with the Master Indenture, the evidence of particular Indebtedness issued under the Master Indenture.

“Obligation No. 1” means the Obligation issued pursuant to the Supplemental Indenture for Obligation No. 1 by and between Pace University and The Bank of New York Mellon, as Master Trustee, dated as of February 1, 2013, with respect to Series 2013A Authority Bonds.

“Obligation No. 2” means the Obligation issued pursuant to the Supplemental Indenture for Obligation No. 2 by and between Pace University and The Bank of New York Mellon, as Master Trustee, dated as of February 1, 2013, with respect to the Series 2013B Authority Bonds.

“Officer’s Certificate” means a certificate signed by an Authorized Representative of the University. Each Officer’s Certificate presented pursuant to the Master Indenture shall state that it is being delivered pursuant to (and shall identify the Section or subsection of), and shall incorporate by reference and use in all appropriate instances all terms defined in, the Master Indenture. Each Officer’s Certificate shall state (i) that the terms thereof are in compliance with the requirements of the Section or subsection pursuant to which such Officer’s Certificate is delivered or shall state in reasonable detail the nature of any non compliance and the steps being taken to remedy such non compliance and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

“One-Month LIBOR” means the rate of interest in U.S. Dollars (rounded upwards to the next 100th of one percent) equal to the British Bankers’ Association LIBOR (“BBA LIBOR”) for a one-month period as published by Bloomberg (or such other commercially available source providing quotations of BBA LIBOR) at approximately 11:00 A.M. (London time) two London Banking Days prior to the R-FLOATs Rate Determination Date; provided, however, if more than one BBA LIBOR is specified, the applicable rate shall be the arithmetic mean of all such rates. London Banking Days means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England. If, for any reason, such rate is not available, the term One-Month LIBOR shall mean, with respect to any R-FLOATs Rate Period, the rate of interest per annum determined by the Remarketing Agent to be the average rate per annum at which deposits in dollars are offered for such R-FLOATs Rate Period by major banks in London, England at approximately 11:00 A.M. (London time) two London Banking Days prior to the R-FLOATS Rate Determination Date.

“One Pace Plaza” means the University’s campus located in New York, New York.

“Operating Income Available for Debt Service” means unless the context provides otherwise, as to any period of time, total unrestricted operating revenue minus total operating expenses (excluding capitalized interest and Escrowed Interest) before depreciation, amortization and interest expense, as determined in accordance with GAAP and as shown on the audited financial statements of the University; provided, that no determination thereof shall take into account (a) gifts, grants, bequests, donations or contributions to the extent specifically restricted by the donor to a particular purposes inconsistent with their use for the payment of principal of, redemption premium and interest on Indebtedness or the payment of operating expenses; (b) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (c) any gain or loss resulting from the extinguishment of Indebtedness (d) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business; (e) any gain or loss resulting from any discontinued operations; (f) any gain or loss resulting from pension terminations, settlements or curtailments; (g) any unusual charges for employee severance; (h) adjustments to the value of assets or liabilities resulting from changes in GAAP; (i) unrealized gains or losses on investments, including “other than temporary” declines in book value; (j) gains or losses resulting from changes in valuation of a Derivative Agreement or similar contract; (k) any payment required to be paid to a counterparty by the University pursuant to a Derivative Agreement in connection with the termination thereof, tax gross-up

payments, expenses, default interest, and any other payment or indemnification obligations to be paid to a counterparty by the University (excluding regularly scheduled payments thereon); (l) unrealized gains or losses from the write-down, reappraisal or revaluation of assets; or (m) other nonrecurring items of any extraordinary nature which do not involve the receipt, expenditure or transfer of assets.

“Opinion of Bond Counsel” means an opinion in writing signed by an attorney or firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and who is acceptable to the Master Trustee and the Related Bond Issuer.

“Opinion of Counsel” means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Master Trustee, who may be counsel for the University or other counsel acceptable to the Master Trustee.

“Optional Tender Date” means (a) any Business Day during a Daily Rate Period or a Weekly Rate Period, (b) any R-FLOATs Mode Rate Determination Date during a weekly R-FLOATs Rate Period, (c) any Interest Payment Date during a monthly R-FLOATs Rate Period, and (d) on the Interest Payment Date immediately following a Special R-FLOATs Rate Period in the case of a Series 2013B Bond in a Special R-FLOATs Rate Period.

“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 (a) used in reference to Bonds of an Applicable Series means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and under the Applicable Series Resolution except: (i) any such Bond cancelled by the Trustee at or before such date; (ii) any such Bond deemed to have been paid in accordance with the Resolution; (iii) any such Bond in lieu of or in substitution for which another such 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, and (b) when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (I) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (II) Indebtedness deemed paid and no longer Outstanding under the documents pursuant to which such Indebtedness was incurred, (III) Defeased Obligations and (IV) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when a Master Indenture Obligation secures an issue of Related Bonds and another Master Indenture Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of calculating compliance with the various financial covenants contained in the Master Indenture, but only for such purposes, only one of such Master Indenture Obligation shall be deemed Outstanding and the Master Indenture Obligation so deemed to be Outstanding shall be that Master Indenture Obligation which produces the greatest amount of principal and interest to be included in the calculation of the Annual Debt Service. Provided, further, however, that for purposes of determining whether the Holders of the requisite principal amount of Obligations have concurred in any demands, direction, request, notice, consent, waiver or other action under the Master Indenture, Obligations or Related Bonds that are owned by the University shall be deemed not to be Outstanding, provided further, however, that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent, or waiver, only such Obligations or Related Bonds which the Master Trustee has actual notice or knowledge are so owned shall be deemed to be not Outstanding.

“Paying Agent” means, with respect to an Applicable Series of Bonds, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions Resolution or of an Applicable

Appendix A

Series Resolution, an Applicable Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of such Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

“Permitted Collateral” means:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligation;
- (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligation;
- (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category;
- (iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category; and
- (v) bankers’ acceptances issued by a bank rated in the highest short term rating category by at least one nationally recognized rating organization and having maturities of not longer than three hundred sixty five (365) days from the date they are pledged.

“Permitted Encumbrances” means (i) this Loan Agreement, (ii) the Resolution, (iii) any instrument recorded pursuant to the Resolution, (iv) all Obligations entered into by the University under the Master Indenture, (v) any other encumbrances or matters approved in writing by the Authority subject to compliance with applicable Governmental Requirements, (vi) those matters referred to in any title insurance policy accepted by the Authority, and (vii) any Permitted Liens allowed under the Master Indenture subject to compliance with all applicable Governmental Requirements and the security interests provided for in the Resolution.

“Permitted Investments” means any of the following:

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) Uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;
- (v) Collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are 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.

“Permitted Liens” shall have the meaning given in Section 3.05 of the Master Indenture.

“Permitted Modification” means a modification or amendment of a Mortgage implemented in accordance with the provisions of Section 3.09 of the Master Indenture.

“Permitted Release” means a release from the Liens of the Mortgage of real property, fixtures, equipment, personal property or other property subject to the Mortgage implemented in accordance with the provisions of Section 3.09 of the Master Indenture.

“Person” includes an individual, association, unincorporated organization, limited liability company, corporation, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

“Pleasantville Campus” means the University’s campus in Pleasantville, New York.

“Potential Owner” means any person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the Series 2013B Bonds in addition to the Series 2013B Bonds currently beneficially owned by such person, if any.

“Project” means (i) in connection with the Resolution, a “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of a Series of Bonds, as more particularly described in or pursuant to the Applicable Series Resolution or Bond Series Certificate, and (ii) in connection with the Loan Agreement, the Series 2013 Project.

“Property” means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated, except that in no event shall “Property” include Excluded Property.

“Property, Plant and Equipment” means all Property of the University which is property, plant and equipment under GAAP.

“Provider” when used in connection with any particular Series 2013B Bonds means the provider of a Liquidity Facility for such Series 2013B Bonds delivered in accordance with the provisions of the Series 2013B Certificate.

“Provider Payments” means any payments made by a Facility Provider pursuant to its Reserve Fund Facility.

“Purchase Account” means the account so designated and established within the Purchase and Remarketing Fund pursuant to the Series 2013B Certificate.

“Purchase and Remarketing Fund” means the Series 2013B Bonds Purchase and Remarketing Fund established pursuant to the Series 2013B Certificate.

“Purchase Price” shall have the meaning given in the Applicable Bond Series Certificate.

“Purchased Bond” means a Series 2013B Bonds purchased pursuant to Series 2013B Certificate.

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

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized rating service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized rating service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial

Appendix A

Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

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

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

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

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

“Qualified Purchaser” means a person in whose name a Bank Bond may, as provided in the applicable Liquidity Facility or the Reimbursement Agreement with the Provider thereof, be registered or to whom a Bank Bond may be transferred by or upon the order of such Provider without affecting the character of such Series 2013B Bond as a Bank Bond.

“R-FLOATs Mode Rate Determination Date” means, with respect to a Series 2013B Bond, the date on which the interest rate with respect to such Series 2013B Bond shall be determined, which, in the case of the initial conversion to the R-FLOATs Mode, shall be no later than the Business Day prior to the Conversion Date, and thereafter, shall be, in the case of R-FLOATs with a weekly R-FLOATs Rate, each Thursday or, if Thursday is not a Business Day, the next succeeding day which is a Business Day, in the case of R-FLOATs with a monthly R-FLOATs Rate, the first Business Day of each month and, in the case of R-FLOATs in a Special R-FLOATs Rate Period, the first day of such Special R-FLOATs Rate Period.

“R-FLOATs Rate” means the rate at which a Series 2013B Bond in the R-FLOATs Rate Mode bears interest, as established in accordance with the Series 2013B Certificate.

“R-FLOATs Rate Mode” means a Rate Mode on which a Series 2013B Bond in such Rate Mode bears interest at an R-FLOATs Rate.

“R-FLOATs Rate Period” means, with respect to a particular Bond in a R-FLOATs Mode: (a) bearing interest at a weekly R-FLOATs Rate, a period commencing on the first day such Series 2013B Bond begins to accrue interest in the weekly R-FLOATs Mode and ends on the next succeeding Wednesday, and thereafter commences on each Thursday and ends on Wednesday of the following week, (b) bearing interest at a monthly R-FLOATs Rate a period commencing on the first day such Series 2013B Bond begins to accrue interest at the monthly R-FLOATs Mode and ends on the day immediately preceding the first Business Day of the next succeeding month, and thereafter commences on the first Business Day of each month and ends on the day preceding the first Business Day of the next succeeding month; and (c) a Special R-FLOATs Rate Period.

“Rate” means the Initial Rate, any Daily Rate, Commercial Paper Rate, Weekly Rate, Term Rate, R-FLOATs Rate, Bank Bond Rate, or the Fixed Rate.

“Rate Mode” means the Daily Rate Mode, Commercial Paper Mode, Weekly Rate Mode, Term Rate Mode, Fixed Rate Mode, or R-FLOATs Mode.

“Rate Period” means any Initial Rate Period, any Daily Rate Period, any Commercial Paper Rate Period, any Weekly Rate Period, any Term Rate Period, the Fixed Rate Period, or any R-FLOATs Rate Period.

“Rating Service(s)” means S&P, Moody’s, Fitch or any other nationally recognized statistical rating organization which shall have assigned a rating on any Bonds Outstanding as requested by or on behalf of the Authority, and which rating is then currently in effect.

“Record Date” means, unless the Applicable Series Resolution authorizing an Applicable Series of Bonds or a Bond Series Certificate relating thereto provides otherwise with respect to Bonds of such Series, the fifteen (15th) day (whether or not a Business Day) of the month preceding each interest payment date.

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

“Refunding Bonds” means all Bonds, whether issued in one or more Applicable Series of Bonds, authenticated and delivered pursuant to the Resolution, and originally issued pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

“Refunding Debt” means Long-Term Indebtedness issued or incurred to pay to or to provide for the payment of other Long-Term Indebtedness.

“Reimbursement Agreement” means any agreement by and between the University and the Provider of a Liquidity Facility and/or the Authority pursuant to which the Provider has provided the Liquidity Facility and the University has agreed to reimburse the Provider for money advanced by the Provider for payment of the Purchase Price of Series 2013B Bonds tendered or deemed tendered for purchase in accordance herewith.

“Related Bond Indenture” means any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued.

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture.

“Related Facility Provider” means the Facility Provider with respect to any issue of Related Bonds.

“Related Bond Issuer” means the issuer of any issue of Related Bonds.

“Related Bonds” means the revenue bonds or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf

Appendix A

thereof (“i.e. a “Related Bond Issuer”) (“governmental issuer”), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to the University in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer.

“Related Loan Agreement” means any loan agreement or lease agreement relating to the loan of proceeds of Related Bonds to the University.

“Remarketing Agent” means a person appointed pursuant to a Remarketing Agreement to serve as the Authority’s agent in connection with the remarketing of Series 2013B Bonds in the Commercial Paper Mode, the Daily Rate Mode, the Weekly Rate Mode, R-FLOATs Mode or the Term Rate Mode and to perform the duties of a Remarketing Agent under the Applicable Bond Series Certificate, or any successor remarketing agent.

“Remarketing Agreement” means the agreement by and between the Authority and the Remarketing Agent relating to the remarketing of particular Series 2013B Bonds in the Commercial Paper Mode, the Daily Rate Mode, the Term Rate Mode, the R-FLOATs Rate Mode or the Weekly Rate Mode, as the same may be amended or supplemented from time to time in accordance with the provisions thereof, or any subsequent agreement relating to the powers, duties and obligations of a successor remarketing agent.

“Remarketing Proceeds Account” means the account so designated and established within the Purchase and Remarketing Fund pursuant to the Applicable Bond Series Certificate

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

“Reset Date” means (a) , with respect to a Series 2013B Bond in a Daily Rate Mode, a Commercial Paper Mode, a Weekly Rate Mode or a Term Rate Mode, the date on which the interest rate borne by such Series 2013B Bond is to be determined in accordance with the provisions of the Series 2013B Certificate and (b) with respect to a Series 2013B Bond in a R-FLOATs Rate Mode, the R-FLOATs Mode Rate Determination Date.

“Resolution” means the Pace University Revenue Bond Resolution, adopted January 16, 2013, as the same may be from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions of the Resolution.

“Resolutions” means, collectively, the Resolution, the Series 2013B Resolution and this Bond Series Certificate.

“Restricted Gift” means, when used in connection with a Project, any gift, grant or bequest of money or other property made or given by any person, the use of which has been restricted by such person to paying any cost or expense that constitutes a cost of a Project.

“Revenues” means all payments payable by the University to the Authority pursuant to the Applicable Loan Agreement, and payments made under the Master Indenture to the Authority pursuant to the Applicable Obligation and all amounts realized upon liquidation of collateral securing the Applicable Obligation, which payments and amounts are assigned hereby to the Trustee by the Authority and pursuant to such Loan Agreement and Obligation are to be paid to the Trustee (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Arbitrage Rebate Fund).

“Revenue Fund” means the fund established pursuant to the Master Indenture.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, and its successors and assigns.

“Securities” means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) any bond, debenture, note, preferred stock or other similar obligation of any corporation incorporated in the United States,

which security, at the time an investment therein is made or such security is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, “Aa” or better by Moody’s or “AA” or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and (v) with the consent of the Credit Facility Issuers, if any, common stock of any corporation incorporated in the United States of America whose senior debt, if any, at the time an investment in its stock is made or its stock is deposited in any fund or account established under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, “Aa” or better by Moody’s or “AA” or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and the Credit Facility Issuers, if any.

“Securities Depository” or “Depository” means The Depository Trust Company and its successors and assigns or any other securities depository selected by the Authority which agrees to follow the procedures required to be followed by such securities depository in connection with the Series 2013B Bonds.

“Serial Bonds” means the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate.

“Series” means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and the Applicable Series Resolution, and any Bonds of such Series 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 2013 Bonds” means Pace University Revenue Bonds, Series 2013A and Series 2013B.

“Series 2013A Authority Bonds” and “Series 2013A Bonds” mean the Authority’s Pace University Revenue Bonds, Series 2013A.

“Series 2013A Project” shall have the meaning given in the Applicable Bond Series Certificate.

“Series 2013B Authority Bonds” means the Authority’s Pace University Revenue Bonds, Series 2013B.

“Series 2013B Bonds” mean the Authority’s Pace University Revenue Bonds, Series 2013B, authorized by the Series 2013B Resolution issued under the Resolution.

“Series 2013B Certificate” means the Series Certificate made and executed pursuant to the Series 2013B Resolution.

“Series 2013B Resolution” means the 2013B Resolution, adopted January 16, 2013, as the same may be from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions of the Resolution and Series 2013B Resolution.

“Series 2013 Project” means the following: upgrades to the Westchester and New York City campuses of the University, including the purchase and renovation of properties for additional housing and academic space; construction of a new Environmental Center; the renovation of existing facilities; and any other projects which are financed from the proceeds of a Series of Bonds issued under the Resolution and which are included as part of the Series 2013 Project by amendment to this Loan Agreement.

“Series 2013 Resolution” means the Series 2013A Resolution and the Series 2013B Resolution each adopted by the Authority on January 16, 2013, or any other resolution of the Authority authorizing the issuance of a Series of Bonds pursuant to Article 2 of the Resolution with respect to the Series 2013 Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

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

Appendix A

“Short-Term Indebtedness” means all Indebtedness having a maturity of one year or less, other than the current portion of Long-Term Indebtedness, incurred or assumed by the University.

“SIFMA Index” means, as of any particular date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association (“SIFMA”), or any person acting in cooperation with or under the sponsorship of SIFMA, and effective as of such date. If such index is no longer published or otherwise is not available, the rate shall be determined on the basis of an index that most closely approximates the SIFMA Index as selected by an investment banking firm or financial advisory firm chosen by the University.

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

“Spread” means the Spread as set forth below, expressed as a percent per annum, based on the rating then in effect on the Series 2013B Bonds by Standard & Poor’s Ratings Services:

Rating	Spread
Above than AA+	3.0%
From and including AA- to and including AA+	4.0%
From and including A- to and including A+	5.0%
From and including BBB- to and including BBB+	7.0%
Lower than BBB- or rating withdrawn for credit reasons	Maximum Rate

“Special R-FLOATs Rate Period” means a period which ends on the last day of a month and which the Remarketing Agent determines is the shortest period which will enable the Remarketing Agent to remarket a Series 2013B Bond in the R-FLOATs Mode at par plus accrued interest.

“State” means the State of New York.

“Subordinated Debt” means Indebtedness the payment of which is evidenced by instruments, or issued under an indenture or other document, containing specific provisions subordinating such Indebtedness to the Obligations, including following any event of insolvency by the debtor or following acceleration of the subordinate Indebtedness.

“Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture.

“Supplement No. 1” means the Supplement for Obligation No. 1.

“Supplement No. 2” means the Supplement for Obligation No. 2.

“Tender Agent” means the Trustee, who is appointed as Tender Agent pursuant to the Series 2013B Certificate and having the duties, responsibilities and rights provided therein, and its successor or successors and any successor Trustee which may at any time be substituted in its place pursuant thereto.

“Tender Date” means each Optional Tender Date or Mandatory Tender Date.

“Tender Notice” means the notice given pursuant to the Series 2013B Certificate by the Holders of a Series 2013B Bond upon an election to tender such Series 2013B Bond.

“Tendered Bond” means a Series 2013B Bond or portion thereof in an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the Series 2013B Certificate, including a Series 2013B Bond or portion thereof deemed tendered, but not surrendered on the applicable Tender Date.

“Term Bonds” means with respect to Bonds of a Series, the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments.

“Term Rate” means the rate at which a Series 2013B Bond bears interest during a Term Rate Period, as established in accordance with the Series 2013B Certificate.

“Term Rate Mode” means a Rate Mode designated as such in a Conversion Notice in which a Series 2013B Bond in such Rate Mode bears interest at a Term Rate.

“Term Rate Period” means a period commencing on the Conversion Date or a Reset Date and extending (a) to and including the next succeeding Reset Date which Reset Date must be a Business Day at least three hundred sixty-five (365) days from the Conversion Date or the immediately preceding Reset Date and (b) to, but not including, the Conversion Date on which Series 2013B Bonds in the Fixed Rate Mode are converted to another Rate Mode except as otherwise provided in the Series 2013B Certificate.

“Termination Date” when used in connection with a particular Liquidity Facility means the date on which such Liquidity Facility will expire by its terms, as such date may be extended from time to time or any earlier date on which such Liquidity Facility shall terminate or expire or be cancelled upon delivery of a substitute Liquidity Facility in accordance with the Applicable Bond Series Certificate.

“Termination Notice” means a notice by a Provider pursuant to the Liquidity Facility provided by it or the applicable Reimbursement Agreement to the effect that the Liquidity Facility issued by that Provider will terminate on the date specified in such notice other than as a result of the occurrence of an event described in the Applicable Bond Series Certificate.

“Total Operating Revenues” means, with respect to the University, as to any period of time, total operating revenues less all deductions from revenues, as determined in accordance with GAAP consistently applied.

“Transfer” means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt; provided, however, “Transfer” shall not include the termination by the University of any leases.

“Trustee” means a bank or trust company appointed as Trustee for an Applicable Series of the Bonds pursuant to the Applicable Series Resolution or the Applicable Bond Series Certificate delivered under the Resolution and having the duties, responsibilities and rights provided for in the Resolution with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

Appendix A

“UCC” means the Uniform Commercial Code of the State of New York, as amended from time to time.

“University” means Pace University, a New York not-for-profit corporation, which is an institution for higher learning located in the State and authorized to confer degrees by law or by the Board of Regents or the State, and any successor thereof.

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

(a) a percentage or percentages or other function of an objectively determinable interest rate or rates (*e.g.*, a prime lending rate) which may be in effect from time to time or at a particular time or times; or

(b) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate;

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

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

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

“Weekly Rate” means the rate at which a Series 2013B Bond bears interest during a Weekly Rate Period, as established in accordance with the Series 2013B Certificate.

“Weekly Rate Mode” means a Rate Mode in which a Series 2013B Bond in such Rate Mode bears interest at a Weekly Rate.

“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.



PACE UNIVERSITY

Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Pace University:

We have audited the accompanying balance sheets of Pace University (the University) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pace University as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

October 29, 2012

PACE UNIVERSITY

Balance Sheets

June 30, 2012 and 2011

Assets	2012	2011
Cash and cash equivalents	\$ 22,154,829	11,064,942
Short-term investments (note 6)	3,514,119	3,459,176
Student accounts receivable (net of allowance for doubtful accounts of \$2,448,408 and \$2,161,138 in 2012 and 2011, respectively)	6,994,220	6,127,790
Grants and other receivables	5,441,740	4,527,296
Prepaid expenses and other assets	9,378,199	8,028,401
Contributions receivable, net (note 3)	10,860,855	11,950,819
Investments (notes 4, 5, and 6)	124,381,733	126,549,444
Student loans receivable (net of allowance for doubtful accounts of \$3,596,242 and \$3,349,426 in 2012 and 2011, respectively)	13,347,848	13,447,293
Funds held by bond trustees, at fair value (notes 6 and 9)	8,235,974	7,772,272
Plant assets, net (note 7)	260,175,782	258,134,088
Total assets	<u>\$ 464,485,299</u>	<u>451,061,521</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities (note 17)	\$ 33,046,862	29,501,482
Notes payable (note 8)	46,000,000	34,000,000
Fair value of derivative instrument (notes 6 and 9)	11,370,956	6,738,724
Deferred revenues and deposits	10,430,171	10,450,005
Long-term debt (notes 9 and 10)	111,577,000	113,466,000
Deferred rental revenue (note 11)	7,553,574	8,497,770
Asset retirement obligations (note 12)	3,378,371	3,360,833
Accrued postretirement health benefits obligation (note 13)	88,018,979	76,147,276
U.S. government grants refundable	12,550,303	12,415,269
Total liabilities	<u>323,926,216</u>	<u>294,577,359</u>
Commitments and contingencies (notes 4, 8, 17, and 20)		
Net assets:		
Unrestricted:		
General	88,659,543	92,418,141
Accrued postretirement health benefits obligation (note 13)	<u>(88,018,979)</u>	<u>(76,147,276)</u>
Total unrestricted	640,564	16,270,865
Temporarily restricted (note 15)	63,052,550	65,314,301
Permanently restricted (note 15)	76,865,969	74,898,996
Total net assets	<u>140,559,083</u>	<u>156,484,162</u>
Total liabilities and net assets	<u>\$ 464,485,299</u>	<u>451,061,521</u>

See accompanying notes to financial statements.

PACE UNIVERSITY
 Statements of Activities
 Years ended June 30, 2012 and 2011

	2012				2011			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:								
Tuition and fees, net (note 16)	\$ 233,065,592	—	—	233,065,592	229,472,625	—	—	229,472,625
Government grants and contracts	11,720,371	—	—	11,720,371	9,150,098	—	—	9,150,098
State appropriations	809,227	—	—	809,227	856,934	—	—	856,934
Contributions	1,071,163	5,145,132	1,953,939	8,170,234	1,498,766	4,063,130	1,084,441	6,646,337
Investment return appropriated (note 4)	265,471	2,548,878	—	2,814,349	319,682	2,495,048	—	2,814,730
Sales and services of auxiliary enterprises	45,142,281	—	—	45,142,281	43,083,572	—	—	43,083,572
Other sources	8,670,457	—	1,453	8,671,910	8,267,390	—	252	8,267,642
Net assets released from restrictions	6,826,104	(6,826,104)	—	—	7,434,993	(7,434,993)	—	—
Total revenues	307,570,666	867,906	1,955,392	310,393,964	300,084,060	(876,815)	1,084,693	300,291,938
Expenses (notes 18 and 19):								
Instruction	120,587,721	—	—	120,587,721	114,997,401	—	—	114,997,401
Research	4,206,806	—	—	4,206,806	3,961,896	—	—	3,961,896
Academic support	45,612,469	—	—	45,612,469	43,382,021	—	—	43,382,021
Student services	40,470,122	—	—	40,470,122	38,630,574	—	—	38,630,574
Institutional support	49,095,559	—	—	49,095,559	46,073,036	—	—	46,073,036
Auxiliary enterprises	46,093,691	—	—	46,093,691	45,339,931	—	—	45,339,931
Total expenses	306,066,368	<b style="text-align: right;">—	<b style="text-align: right;">—	306,066,368	292,384,859	<b style="text-align: right;">—	<b style="text-align: right;">—	292,384,859
Excess (deficiency) of operating revenues over expenses	1,504,298	867,906	1,955,392	4,327,596	7,699,201	(876,815)	1,084,693	7,907,079
Nonoperating activities:								
Unrealized (depreciation) appreciation in fair value of derivative instrument (note 9)	(4,632,232)	—	—	(4,632,232)	828,141	—	—	828,141
Investment return, net (note 4)	(452,040)	(4,400,536)	—	(4,852,576)	1,082,883	17,133,200	—	18,216,083
Effect of underwater endowments (note 4)	(1,296,954)	1,296,954	—	—	4,676,085	(4,676,085)	—	—
Changes in postretirement health benefits obligation other than net periodic cost (note 13)	(11,028,272)	—	—	(11,028,272)	(71,115)	—	—	(71,115)
Other	274,899	(26,075)	11,581	260,405	(286,781)	44,203	29,534	(213,044)
Change in net assets	(15,630,301)	(2,261,751)	1,966,973	(15,925,079)	13,928,414	11,624,503	1,114,227	26,667,144
Net assets at beginning of year	16,270,865	65,314,301	74,898,996	156,484,162	2,342,451	53,689,798	73,784,769	129,817,018
Net assets at end of year	\$ 640,564	63,052,550	76,865,969	140,559,083	16,270,865	65,314,301	74,898,996	156,484,162

See accompanying notes to financial statements.

PACE UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (15,925,079)	26,667,144
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net depreciation (appreciation) in fair value of investments	3,025,251	(19,596,750)
Investment return on funds held by bond trustee	(486)	(17,447)
Change in fair value of derivative instrument	4,632,232	(828,141)
Change in value of split-interest agreements	(14,494)	73,737
Changes in postretirement health benefits obligation other than net periodic cost	11,028,272	71,115
Allowance for student loans receivable	246,816	98,651
Deferred rental revenue	(944,196)	(944,196)
Depreciation	10,445,614	9,981,588
Amortization and write-off of unamortized debt issuance costs	251,786	249,569
Gain on sale of plant assets	(274,413)	—
Revenues restricted for permanent investment and capital	(1,966,018)	(1,230,050)
Changes in operating assets and liabilities:		
Increase in student accounts receivable, net	(866,430)	(1,914,143)
(Increase) decrease in grants and other receivables	(914,444)	2,072,268
Increase in prepaid expenses and other assets	(1,584,046)	(342,334)
(Increase) decrease in contributions receivable, net	(92,310)	1,294,183
Increase in noncapital accounts payable and accrued liabilities	3,275,153	816,717
(Decrease) increase in deferred revenues and deposits	(19,834)	415,651
Increase in accrued postretirement health benefits obligation	843,431	1,406,340
Increase (decrease) in U.S. government grants refundable	135,034	(90,885)
Net cash provided by operating activities	11,281,839	18,183,017
Cash flows from investing activities:		
(Increase) decrease in student loans receivable	(147,371)	133,872
Purchase of plant assets	(12,490,496)	(11,851,199)
Proceeds from sale of plant assets	277,601	—
Increase (decrease) in accounts payable and accrued liabilities related to purchase of plant assets	297,738	(297,462)
Short-term investments, net	(54,943)	3,862,481
Purchase of investments	(102,281,161)	(36,034,850)
Proceeds from sale of investments	101,423,621	33,661,839
Net cash used in investing activities	(12,975,011)	(10,525,319)
Cash flows from financing activities:		
Revenues restricted for permanent investment and capital	1,966,018	1,230,050
Decrease in contributions receivable restricted for permanent investment	604,778	2,092,702
Decrease in contributions receivable restricted for capital projects	577,496	920,448
Change in liabilities under split-interest agreements, net	(13,017)	(7,029)
Increase in notes payable	12,000,000	—
Repayment of indebtedness	(1,889,000)	(9,074,000)
(Increase) decrease in funds held by bond trustees	(463,216)	6,408,542
Net cash provided by financing activities	12,783,059	1,570,713
Net increase in cash and cash equivalents	11,089,887	9,228,411
Cash and cash equivalents at beginning of year	11,064,942	1,836,531
Cash and cash equivalents at end of year	\$ 22,154,829	11,064,942
Supplemental disclosure:		
Interest paid	\$ 5,822,779	8,654,452

See accompanying notes to financial statements.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

(1) Nature of Operations

Pace University (the University) is an independent, coeducational, nonsectarian, not-for-profit institution of higher education with campuses in New York City and Westchester County. The University was founded in 1906 and was granted college status in 1948 by the New York State Board of Regents. It is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The University considers teaching and learning its highest priorities. The University's commitment to the individual needs of students is at the heart of its mission. Offering access and opportunity to qualified men and women, the University embraces persons of diverse talents, interests, experiences, and origins who have the will to learn and the desire to participate in university life. The University offers a wide range of academic and professional programs at the graduate and undergraduate levels in six colleges and schools. The University is accredited by major accrediting entities.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the University are described below:

(a) *Basis of Presentation*

The University's financial statements are prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. Accordingly, net assets of the University and changes therein are classified and reported as follows:

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

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the University, but permit the University to expend part or all of the income derived therefrom.

Revenues and gains and losses on investments and other assets are reported as changes in unrestricted net assets unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions.

(b) *Cash Equivalents and Short-Term Investments*

The University considers all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents, except for those that are purchased by the University's investment managers as part of their long-term investment strategies.

Short-term investments are reported at fair value and represent the University's investment of operating cash.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

(c) Government Grants and Contracts

Government grants and contracts are treated as exchange transactions and, accordingly, are reported as unrestricted revenue when expenses are incurred in accordance with the contractual terms.

(d) Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The University reports contributions of plant assets as increases in unrestricted net assets unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported as temporarily restricted net assets until the assets are placed in service. Contributions to be received after one year are discounted at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution. An allowance is recorded for uncollectible contributions based on management's judgment, past collection experience, and other relevant factors.

(e) Split-Interest Agreements

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts, for which the University serves as trustee, and charitable gift annuities. Assets associated with such split-interest agreements are included in investments. Contributions are recognized at the date the trusts are established or when funds are transferred from the donor to the University after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Such adjustments are reflected as change in value of split-interest agreements in the accompanying financial statements.

(f) Plant Assets

Plant assets are stated at cost, except library books and collections, which are recorded at a nominal amount of \$1 per volume.

Depreciation of plant assets is computed on a straight-line basis over their estimated useful lives. Depreciable lives of land improvements, buildings, building improvements, and leasehold improvements range from 5 years to 90 years and the depreciable lives of furniture and equipment range from 3 years to 20 years.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

(g) *Asset Retirement Obligations*

Upon acquisition, and when reasonably estimable, the University recognizes the fair value of the liability related to the legal obligation to perform asset retirement activity on tangible long-lived assets.

(h) *U.S. Government Grants Refundable*

Funds provided by the U.S. government under the Federal Perkins and Nursing Student Loan programs are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the government and are presented in the accompanying balance sheets as a liability.

(i) *Fair Value*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The University applies the provisions of Accounting Standards Codification (ASC) 820, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, to certain investments in alternative investments that do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds. This guidance allows, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent, as reported by the investment managers.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the University's interest therein, its classification in Level 2 or 3 is based on the University's ability to redeem its interest at or near June 30. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(j) *Accounting for Uncertainty in Income Taxes*

The University recognizes the benefit of tax positions when it is more-likely than-not that the position will be sustainable based on the merits of the position.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

(k) Operations

The statement of activities distinguishes between operating and nonoperating activities. Nonoperating activities principally include investment return in excess of (or less than) amounts authorized for spending by the University's board of trustees, investment return on funds held by bond trustees, unrealized appreciation (depreciation) in fair value of derivative instruments, changes in postretirement health benefits obligation other than net periodic cost, and other nonrecurring transactions.

(l) Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include the fair value of investments, fair value of derivative instrument, accrued postretirement benefit obligation, allowance for student accounts and loans receivable, allowance for uncollectible contributions receivable, useful lives of plant assets, and asset retirement obligation. Actual results could differ from those estimates.

(m) Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

(3) Contributions Receivable

Unconditional promises to give are reported in the financial statements as contributions receivable and as revenue of the appropriate net asset class. Contributions receivable due more than one year from the date of the financial statements are recorded net of a discount to reflect the present value of future cash flows. Contributions receivable are expected to be collected as follows at June 30, 2012 and 2011:

	2012	2011
Amounts expected to be collected in:		
Less than one year	\$ 3,334,328	3,779,424
One to five years	3,760,443	4,404,019
More than five years	7,170,560	7,568,279
	14,265,331	15,751,722
Less discount to present value, from 0.13% to 5.15%	(2,773,307)	(3,074,649)
Less allowance for uncollectible amounts	(631,169)	(726,254)
	\$ 10,860,855	11,950,819

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

Included in contributions receivable at June 30, 2012 and 2011 are outstanding pledges from four donors, which collectively represent approximately 69% and 76%, respectively, of total outstanding gross contributions receivable.

(4) Investments and Investment Return

Investments are carried at fair value based upon quoted market prices or net asset values provided by the University's external investment managers, if no quoted market prices exist.

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

The following table summarizes the composition of investments at June 30, 2012 and 2011:

	Fair value	
	2012	2011
Cash and cash equivalents	\$ 2,678,451	2,039,276
Common stocks	292,246	296,894
Mutual funds:		
Domestic equities	15,817,769	1,500,351
International equities	10,348,800	2,675,442
Fixed income	17,882,179	697,213
	<u>44,048,748</u>	<u>4,873,006</u>
Equity and fixed income funds:		
Multi-strategy equity funds (a)	—	54,417,584
Large cap funds (b)	36,820,253	—
Small cap fund (c)	9,812,639	6,683,641
International equity funds (d)	4,953,785	17,832,194
Natural resources index fund (i)	2,155,313	2,590,755
Fixed income funds (e)	—	14,956,276
	<u>53,741,990</u>	<u>96,480,450</u>
Alternative investments:		
Diversifying fund (a)	2,808,068	2,869,837
Hedged equity (f)	4,472,952	4,853,797
Private equity (g)	7,703,935	7,216,275
Distressed (h)	6,287,325	6,671,652
Real assets (i)	1,533,991	440,161
	<u>22,806,271</u>	<u>22,051,722</u>
Municipal bonds	814,027	808,096
	<u>\$ 124,381,733</u>	<u>126,549,444</u>

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

Equity and fixed income funds and alternative investments represent limited partnerships and similar interests held by the University that follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund. Equity and fixed income funds have daily, weekly, or monthly liquidity, whereas alternative investments are either nonredeemable or can have limited liquidity. Individual investment holdings within equity and fixed income funds and alternative investments may be invested in both publicly traded securities and less liquid securities. The net asset values of equity and fixed income funds and alternative investments are reviewed and evaluated by management. Because equity and fixed income funds and alternative investments do not have readily determinable market values, the estimated value is subject to uncertainty and, therefore, may differ significantly from the values that would have been used had a ready market for those securities existed.

- (a) Includes investments in funds that allocate their assets across a broad spectrum of equity strategies, including U.S. core equities, opportunistic equities, and diversifying strategies. Opportunistic equities are unconstrained by size, sector, and region. Diversifying strategies consist of investments within developed international and emerging market equities as well as marketable alternative investments (hedged equity).
- (b) Includes investment in funds that invest in large cap common stocks.
- (c) Includes investment in funds that invest in small cap common stocks.
- (d) Includes investment in funds that invest in non-U.S. common stocks. Funds are invested in both traditional and emerging markets.
- (e) Includes investment in funds that allocate their assets across a broad spectrum of fixed income strategies. Investments can include domestic and global fixed income, value oriented debt, emerging market debt, high yield, subordinated debt, and liquid and illiquid debt.
- (f) Includes investment in funds that invest in long and short positions on equity securities that are primarily marketable securities issued by U.S. companies.
- (g) Includes investment in funds that invest in domestic and international limited partnerships.
- (h) Includes investments in funds that allocate their investments between a variety of distressed debt investment strategies including publicly traded and privately placed debt securities, loans, participation in loans, trade and other claims against issuers, other indebtedness, and debtor in possession financing.
- (i) Includes investments in funds that allocate their investments in limited partnerships, which in turn make investments in real estate, as well as oil, gas, and other natural related investments with the objective of obtaining long-term growth in capital. The category also includes related index funds.

Investments include \$1,520,016 and \$1,570,643 of assets held under split-interest agreements at June 30, 2012 and 2011, respectively.

The University maintains an investment pool for certain investments. The pool is managed to achieve the maximum prudent long-term total return. The University's board of trustees has authorized a policy

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

designed to preserve the value of these investments in real terms (after inflation) and provide a predictable flow of funds to support operations. This policy permits the use of total return (dividend and interest income and investment gains) at a rate (spending rate) of 5% of the quarterly three-year moving average fair value of the pooled investments. In accordance with the above spending rate, \$2,876,986 and \$2,764,433 of investment return was made available for the years ended June 30, 2012 and 2011, respectively, to support operations of the University. In addition, the University also utilized investment (loss) return from nonpooled investments, cash and cash equivalents, and short-term investments of \$(62,637) and \$50,297 in fiscal years 2012 and 2011, respectively.

Under the terms of certain limited partnership agreements, the University is obligated to periodically advance additional funding for its limited partnership investments. At June 30, 2012, the University had commitments of \$4,495,079 for which capital calls had not been exercised. This amount has not been recorded as a liability in the accompanying balance sheets. The University maintains sufficient liquidity in its portfolio to cover such calls.

The University's hedge funds and alternative investments contain various redemption restrictions with required notice periods. The following table summarizes the composition of such investments by redemption provision and notice period at June 30, 2012:

	<u>Redemption provision</u>	<u>Notice period</u>	<u>Amount</u>
Equity and fixed income funds	Daily	None	\$ 15,739,337
	Weekly	5 days	21,080,916
	Monthly	5 days	10,416,981
		15 days	2,155,313
		30 days	4,349,443
			<u>\$ 53,741,990</u>
Alternative investments	Quarterly	90 – 95 days	\$ 7,281,020
	Lock-up	N/A	<u>15,525,251</u>
		<u>\$ 22,806,271</u>	

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

The following summarizes the University's total investment return (excluding investment return on assets held under split-interest arrangements) and its classification in the financial statements for the years ended June 30, 2012 and 2011:

	2012			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Dividends and interest on investments (net of expenses of \$377,389)	\$ 6,608	980,416	—	987,024
Net depreciation in fair value of investments	(193,177)	(2,832,074)	—	(3,025,251)
Effect of underwater endowments	(1,296,954)	1,296,954	—	—
Total loss on investments	(1,483,523)	(554,704)	—	(2,038,227)
Investment return appropriated for operations	265,471	2,548,878	—	2,814,349
Total loss on investments, net of amount appropriated for operations	\$ (1,748,994)	(3,103,582)	—	(4,852,576)

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

	2011			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Dividends and interest on investments (net of expenses of \$421,901)	\$ 125,038	1,309,025	—	1,434,063
Net appreciation in fair value of investments	1,277,527	18,319,223	—	19,596,750
Effect of underwater endowments	4,676,085	(4,676,085)	—	—
Total return on investments	6,078,650	14,952,163	—	21,030,813
Investment return appropriated for operations	319,682	2,495,048	—	2,814,730
Total return on investments, net of amount appropriated for operations	\$ 5,758,968	12,457,115	—	18,216,083

(5) Endowment Funds

The University's endowment consists of approximately 380 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Relevant Law

The University's management and investment of donor-restricted endowment funds is subject to the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Pursuant to the investment policy approved by the Board of Trustees of the University, the University appropriates for expenditure or accumulates so much of a donor-restricted endowment fund, as the University deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument, absent explicit donor stipulations to the contrary.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

The following tables represent the University's endowment composition by type of fund as of June 30, 2012 and 2011 (excluding contributions receivable):

2012					
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment	\$	(3,207,209)	47,472,541	69,810,139	114,075,471
Board-designated endowment		7,686,684	—	—	7,686,684
Total pooled endowment		4,479,475	47,472,541	69,810,139	121,762,155
Nonpooled investments		643,252	1,811,853	164,473	2,619,578
Total investments	\$	5,122,727	49,284,394	69,974,612	124,381,733
2011					
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment	\$	(1,910,255)	50,698,634	67,251,422	116,039,801
Board-designated endowment		8,069,086	—	—	8,069,086
Total pooled endowment		6,158,831	50,698,634	67,251,422	124,108,887
Nonpooled investments		400,478	1,877,213	162,866	2,440,557
Total investments	\$	6,559,309	52,575,847	67,414,288	126,549,444

Included in donor-restricted endowments at June 30, 2012 and 2011 are \$34,071,056 and \$35,308,133, respectively, of temporarily restricted net assets expendable only for projects approved by the donor or donor's designee.

PACE UNIVERSITY
Notes to Financial Statements
June 30, 2012 and 2011

Changes in pooled endowment assets for the year ended June 30, 2012 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment at June 30, 2011	\$ 6,158,831	50,698,634	67,251,422	124,108,887
Investment return:				
Investment income	6,608	980,416	—	987,024
Net depreciation in fair value of investments	(193,177)	(2,832,074)	—	(3,025,251)
Effect of underwater endowments	(1,296,954)	1,296,954	—	—
Total loss on investment	(1,483,523)	(554,704)	—	(2,038,227)
Less loss on investment nonpooled investments	62,637	12,443	—	75,080
Total endowment loss on investment	(1,420,886)	(542,261)	—	(1,963,147)
Contributions	7,603	25,000	2,460,798	2,493,401
Appropriation of endowment assets for expenditure	(328,108)	(2,548,878)	—	(2,876,986)
Other changes, including transfers	62,035	(159,954)	97,919	—
Endowment at June 30, 2012	<u>\$ 4,479,475</u>	<u>47,472,541</u>	<u>69,810,139</u>	<u>121,762,155</u>

PACE UNIVERSITY
Notes to Financial Statements
June 30, 2012 and 2011

Changes in pooled endowment assets for the year ended June 30, 2011 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment at June 30, 2010	\$ 197,349	38,256,600	64,074,027	102,527,976
Investment return:				
Investment income	125,038	1,309,025	—	1,434,063
Net appreciation in fair value of investments	1,277,527	18,319,223	—	19,596,750
Effect of underwater endowments	4,676,085	(4,676,085)	—	—
Total investment return	6,078,650	14,952,163	—	21,030,813
Less investment return on nonpooled investments	(50,297)	(77,124)	—	(127,421)
Total endowment investment return	6,028,353	14,875,039	—	20,903,392
Contributions	202,514	62,043	3,177,395	3,441,952
Appropriation of endowment assets for expenditure	(269,385)	(2,495,048)	—	(2,764,433)
Endowment at June 30, 2011	<u>\$ 6,158,831</u>	<u>50,698,634</u>	<u>67,251,422</u>	<u>124,108,887</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA require to retain as a fund for perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in temporarily restricted net assets to the extent there are accumulated gains available to absorb such loss, or otherwise unrestricted net assets. At June 30, 2012 and 2011, unrestricted net assets reflected a deficiency of \$3,207,209 and \$1,910,255, respectively.

(6) Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, student accounts receivable, grants and other receivables, accounts payable and accrued liabilities, and notes payable approximates fair value because of the short maturity of these financial instruments. The fair value of investments is disclosed in note 4 and below. Contributions receivable are stated at their present value, which approximates fair value.

A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes are not salable and can only be assigned to the U.S. government or its designees. The fair value of the loans receivable from students under the University's loan programs approximates carrying value.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

The carrying amount of long-term debt approximates fair value because these financial instruments bear interest at various rates, which, when averaged, are not significantly different from current market rates for loans with similar maturities and credit quality.

The fair value of the derivative instrument is based upon inputs from current valuation information priced with observable market assumptions and appropriate valuation adjustments for credit risk. The valuation model adjusts each semiannual net cash flow by a credit spread depending on whether a net payment is due to the counterparty or due to the University. If the net payment was due to the counterparty, the rate used to adjust the net cash flow was a proxy curve for the University (a composite curve comprising U.S. Municipal revenue bonds with applicable ratings), minus the risk-free rate (London Interbank Offered Rate (LIBOR) or the swap curve). If the net payment was due from the counterparty, the rate used to adjust the net cash flow was from the counterparty's 10-year credit default swap. The net cash flow for each payment was adjusted using the aforementioned rates (the credit adjustment) discounted for the appropriate time period from the valuation date via continuous compounding. The University has evaluated the valuation methodologies used to develop the fair value in order to determine whether such valuation is representative of an exit price. The University considered both its credit risk and counterparty credit risk in determining fair value and appropriate adjustments.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

The following table presents financial instruments that are measured at fair value on a recurring basis within the fair value hierarchy as of June 30, 2012 and 2011:

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	\$ 3,514,119	—	—	3,514,119
Cash and cash equivalents	831,422	1,847,029	—	2,678,451
Common stocks	280,691	—	11,555	292,246
Mutual funds:				
Domestic equities	15,817,769	—	—	15,817,769
International equities	10,348,800	—	—	10,348,800
Fixed income	17,882,179	—	—	17,882,179
Equity and fixed income funds:				
Large cap funds	—	36,820,253	—	36,820,253
Small cap fund	—	9,812,639	—	9,812,639
International equity funds	—	4,953,785	—	4,953,785
Index fund	—	2,155,313	—	2,155,313
Alternative investments:				
Diversifying fund	—	2,808,068	—	2,808,068
Hedged equity	—	4,472,952	—	4,472,952
Private equity	—	—	7,703,935	7,703,935
Distressed	—	—	6,287,325	6,287,325
Real assets	—	—	1,533,991	1,533,991
Municipal bonds	814,027	—	—	814,027
Total investments	45,974,888	62,870,039	15,536,806	124,381,733
Funds held by bond trustees	8,235,974	—	—	8,235,974
Total assets	\$ 57,724,981	62,870,039	15,536,806	136,131,826
Liabilities:				
Fair value of derivative instrument	\$ —	11,370,956	—	11,370,956

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	\$ 3,459,176	—	—	3,459,176
Cash and cash equivalents	389,399	1,649,877	—	2,039,276
Common stocks	285,635	—	11,259	296,894
Mutual funds:				
Domestic equities	1,500,351	—	—	1,500,351
International equities	2,675,442	—	—	2,675,442
Fixed income	697,213	—	—	697,213
Equity and fixed income funds:				
Multi-strategy equity funds	—	54,417,584	—	54,417,584
Small cap fund	—	6,683,641	—	6,683,641
International equity funds	—	17,832,194	—	17,832,194
Index fund	—	2,590,755	—	2,590,755
Fixed income funds	—	14,956,276	—	14,956,276
Alternative investments:				
Diversifying fund	—	2,869,837	—	2,869,837
Hedged equity	—	4,853,797	—	4,853,797
Private equity	—	—	7,216,275	7,216,275
Distressed	—	—	6,671,652	6,671,652
Real assets	—	—	440,161	440,161
Municipal bonds	808,096	—	—	808,096
Total investments	6,356,136	105,853,961	14,339,347	126,549,444
Funds held by bond trustees	7,772,272	—	—	7,772,272
Total assets	\$ 17,587,584	105,853,961	14,339,347	137,780,892
Liabilities:				
Fair value of derivative instrument	\$ —	6,738,724	—	6,738,724

While the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

PACE UNIVERSITY
Notes to Financial Statements
June 30, 2012 and 2011

The following table presents a reconciliation for all Level 3 assets measured at fair value for the period June 30, 2010 to June 30, 2012:

	Level 3 assets
Financial assets:	
Balance at June 30, 2010	\$ 11,515,642
Net appreciation in fair value	2,375,952
Purchases	1,081,919
Sales	(634,166)
Balance at June 30, 2011	14,339,347
Net appreciation in fair value	72,234
Purchases	2,539,484
Sales	(1,414,259)
Balance at June 30, 2012	\$ 15,536,806

(7) Plant Assets

Plant assets at June 30, 2012 and 2011 consist of the following:

	2012	2011
Land	\$ 12,659,093	12,659,093
Land improvements	6,181,935	6,181,935
Buildings and building improvements	305,730,090	304,180,633
Construction in progress	14,102,373	6,563,996
Furniture and equipment	76,915,196	74,437,520
Library books	1,022,917	1,011,570
Total	416,611,604	405,034,747
Less accumulated depreciation	(156,435,822)	(146,900,659)
	\$ 260,175,782	258,134,088

Included in buildings and building improvements at June 30, 2012 and 2011 is \$16,226,522 relating to a building received in exchange for use of land. See note 11 for a discussion on the Judicial Training Institute.

(8) Notes Payable

On December 31, 2008, the University established a \$60,880,000 drawdown note with a financial institution bearing interest at the one-month adjusted LIBOR as defined in the Trust Indenture. The initial term on the drawdown note, as amended on April 15, 2011, is through June 25, 2013 with a University renewal option through June 25, 2017. The amount of the drawdown note decreases annually throughout the initial and option terms (available amounts, as amended, reduced to \$55,465,000 and \$48,240,000 on

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

June 25, 2012 and June 25, 2016, respectively). The University is required to be out of the line for at least one 7-day period each year. The outstanding balance and unused portion under this facility as of June 30, 2012 were \$46,000,000 and \$9,465,000, respectively. The outstanding balance and unused portion under this facility as of June 30, 2011 were \$34,000,000 and \$22,960,000, respectively. During 2012 and 2011, interest and fees on borrowings under this facility amounted to \$326,528 and \$455,174, respectively. The range of interest rates on the amounts outstanding in 2012 and 2011 was 2.19% to 2.30% and 2.19% to 2.35%, respectively.

(9) Long-Term Debt

Long-term debt at June 30, 2012 and 2011 consists of the following:

	2012	2011
Long-term debt of the Dormitory Authority of the State of New York (DASNY or the Authority):		
Revenue Bonds, Pace University issue, \$73,975,000, Series 2005A, due serially to 2029 at a variable rate subject to weekly reset in the auction market	\$ 71,850,000	72,775,000
Revenue Bonds, Pace University issue, \$42,500,000, Series 2005B, due serially to 2035, at a variable rate subject to weekly reset in the auction market	39,250,000	40,125,000
Other debt	477,000	566,000
Total long-term debt	\$ 111,577,000	113,466,000

The Series 2005A Insured Revenue Bonds were issued on June 1, 2005 to (i) refund a portion of the DASNY Pace University Insured Revenue Bonds, Series 1997 and Series 2000, (ii) fund the debt service reserve fund for the Series 2005A Bonds, and (iii) pay the costs of issuance of the Series 2005A Bonds. At June 30, 2012 and 2011, \$4,679,188 and \$4,722,327, respectively, of debt service reserve funds were included in funds held by bond trustees. These bonds are variable rate securities in which the coupon is reset each week by a remarketing agent. The interest rate is capped in the governing agreements at 15%. The weighted average interest rate in 2012 and 2011 for Series 2005A was 2.6% and 4.0%, respectively. The range of rates in 2012 and 2011 was 2.0% to 3.0% and 3.1% to 4.9%, respectively.

In May 2005, the University entered into a floating-to-fixed-rate swap agreement (the Derivative Instrument) as a hedge on a portion of its DASNY Series 2005A Insured Revenue Bonds. Under the Derivative Instrument, on a monthly settlement, the University receives 59% of one-month LIBOR plus 32 basis points (0.46% and 0.43% at June 30, 2012 and 2011, respectively) and pays a fixed rate of 3.428% effective October 15, 2009 (3.303% prior to that date) on the remaining notional amount (\$71,850,000 and \$72,775,000 as of June 30, 2012 and 2011, respectively) through June 2029. The University has the option to terminate the Derivative Instrument at its discretion. A payment will either be received or paid by the University depending on the long-term interest rate environment at the time of termination. The counterparty has the option to terminate the Derivative Instrument if the University is downgraded below certain ratings. The fair value of the Derivative Instrument was a liability of \$11,370,956 and \$6,738,724 at June 30, 2012 and 2011, respectively, and is reflected in the accompanying balance sheets as fair value of Derivative Instrument. The University is required to post collateral for the negative market value of the

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

Derivative Instrument when it exceeds \$10.0 million and certain minimum credit ratings are not met. At June 30, 2012, \$2,150,000 of collateral was included in prepaid expenses and other assets. The accompanying 2012 and 2011 statements of activities reflect the unrealized (depreciation) appreciation in fair value of Derivative Instrument of \$(4,632,232) and \$828,141, respectively.

The Series 2005B Insured Revenue Bonds were issued to fund the cost of a surety bond for the debt service reserve fund for the Series 2005B Bonds, pay the cost of issuance of the Series 2005B Bonds, and refinance certain indebtedness of the University incurred to pay for various capital improvement projects. At June 30, 2012 and 2011, \$1,001,538 and \$1,028,529, respectively, of debt service funds were included in funds held by bond trustees. Similar to Series 2005A, these bonds are variable rate securities that are subject to a weekly remarketing process with a cap of 20%. The weighted average interest rate in 2012 and 2011 for Series 2005B was 2.9% and 5.3%, respectively. The range of rates in 2012 and 2011 was 2.2% to 3.3% and 3.7% to 6.6%, respectively.

On July 28, 2008, the University was notified by the Trustee for the Series 2005 Insured Revenue Bonds that it was required to deposit collateral with the Trustee, as a result of a rating agency's downgrade of the bond insurer's financial strength rating on June 19, 2008. Collateral in the amount of \$2,769,250 is required to be deposited with the Trustee in semi-annual payments of \$276,925 over a five-year period to fund the Debt Service Reserve Fund, replacing the Surety Bond. The first of the 10 payments was made to the Trustee on August 14, 2008 (for \$276,925). The ongoing semi-annual payments are made in each January and July. As of June 30, 2012 and 2011, \$2,492,325 and \$1,938,475, respectively, was deposited with the Trustee and is included in funds held by bond trustees in the accompanying balance sheets.

The Series 2005A and 2005B Revenue Bonds are secured by mortgages on certain of the University's properties, security interest in certain fixtures, furnishings, and equipment, and pledges of revenues limited in each year to the greatest amount payable to the Authority in any bond year for the principal.

Interest and fees incurred for the years ended June 30, 2012 and 2011 was \$5,494,438 and \$7,896,136, respectively.

Financial Covenants DASNY Series 2005

Pursuant to the June 1, 2005 loan agreements related to the DASNY Series 2005 Insured Revenue Bonds, the University is required to adhere to certain financial covenants regarding Maximum Annual Debt Service, as defined, and the maintenance of Unrestricted Investments, as defined, and limiting the University's right to incur any additional indebtedness without consent from DASNY and the bond insurer.

The University must maintain debt service (interest on all outstanding indebtedness and principal on all outstanding long-term indebtedness) at or below 6% of annual Unrestricted Gross Revenues, as defined.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

The University must maintain a level of Unrestricted Investments, as defined (as adjusted for market fluctuation) divided by Outstanding Indebtedness, as defined, equal to (i) at least 27.5% as of each June 30 and December 31 occurring from January 1, 2008 through December 31, 2010; and (ii) at least 30.0% as of each June 30 and December 31 occurring subsequent to December 31, 2010. Unrestricted Investments, as defined, for the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Investments and short-term investments	\$ 127,895,852	130,008,620
Permanently restricted net assets	(76,865,969)	(74,898,996)
Contributions receivable – permanently restricted	6,414,836	7,019,614
Total unrestricted investments	\$ 57,444,719	62,129,238

(10) Debt Service – Long-Term Debt

Debt service relating to principal payments of long-term debt for the next five years is as follows:

	Long-term debt to DASNY	Bonds payable to HUD	Total
Year ending June 30:			
2013	\$ 1,850,000	91,000	1,941,000
2014	4,650,000	92,000	4,742,000
2015	4,825,000	93,000	4,918,000
2016	5,025,000	151,000	5,176,000
2017	5,200,000	50,000	5,250,000

(11) Judicial Training Institute

On April 5, 2000, the University entered into a loan agreement with the Authority for the issuance of up to \$17,500,000 State Judicial Institute at Pace University Insured Lease Revenue Bonds, Series 2000 (the Bonds) dated July 1, 2000. In July 2000, bonds with a face value of \$16,105,000 plus accrued interest were issued. Proceeds from the Bonds were used to finance the construction of a judicial training facility on the University’s White Plains campus to serve as the New York State Judicial Training Institute (the Institute). The Institute was established to serve as a statewide center for continuing education, training, and research for all judges and justices of the Unified Court System (the System). The Bonds are due serially through 2020 at interest rates ranging from 4.5% to 5.5% per annum with interest payable every October 1 and principal, sinking fund installments, and interest payable every April 1. These bonds are solely payable from certain revenues, funds, and assets pledged by the System as security for the payment thereof, including certain rental payments to be made by the System to the University pursuant to an agreement of sublease, also dated April 5, 2000, in amounts sufficient to pay the principal, sinking fund installments, and interest on the Bonds. Payments to be made under the sublease have been assigned to the Authority pursuant to an assignment of sublease and rent agreement, dated April 5, 2000, between the University and the Authority that requires the System to make payments to the Authority by March 31 of each year. The loan agreement between the Authority and the University is without recourse to the

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

University and the University's obligation thereunder on account of payments due on the Series 2000 Bonds are payable solely from the aforesaid rental payments as received under the sublease with the System. The obligation of the System to make payments of rent under the sublease is subject to annual appropriations by the State of New York for such purpose. The bond proceeds and related obligation are not included in the accompanying financial statements.

The University recorded the value \$16,208,704 of the building as deferred rental revenue. The deferred rental revenue will be recognized on a straight-line basis over the life of the land lease, May 1, 2003 through June 30, 2020. At June 30, 2012 and 2011, \$7,553,574 and \$8,497,770, respectively, of deferred rental revenue was included in the accompanying balance sheets. For each of the years ended June 30, 2012 and 2011, \$944,196 was recognized as rental revenue and is included in other sources in the accompanying statements of activities.

(12) Asset Retirement Obligations

The University has recorded conditional asset retirement obligations primarily for removal and/or abatement of certain building asbestos. Asset retirement obligations at June 30, 2012 and 2011 amounted to \$3,378,371 and \$3,360,833, respectively.

(13) Postretirement Benefits Other than Pensions

The University sponsors a plan to provide certain healthcare and life insurance benefits for qualified retirees. The University's employees may become eligible for these benefits if they retire while working for the University. Benefits and eligibility may be modified from time to time. In accordance with the 2001 plan amendment, postretirement healthcare and life insurance benefits coverage for employees hired after October 1, 2000 has been eliminated.

PACE UNIVERSITY
Notes to Financial Statements
June 30, 2012 and 2011

The University reports the funded status of its postretirement plans on its balance sheets. The following provides a summary of this unfunded plan as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 76,147,276	74,669,821
Service cost	600,735	662,567
Interest cost	4,125,323	3,948,340
Plan participant's contributions	557,922	458,417
Actuarial loss (gain)	10,417,644	(380,763)
Benefits paid	(4,043,382)	(3,383,208)
Subsidies received	213,461	172,102
	<u>88,018,979</u>	<u>76,147,276</u>
Benefit obligation at end of year		
Change in plan assets:		
Employer contribution	3,271,999	2,752,689
Plan participant's contributions	557,922	458,417
Benefits paid	(4,043,382)	(3,383,208)
Subsidies received	213,461	172,102
	<u>—</u>	<u>—</u>
Fair value of plan assets at end of year		
Accrued postretirement health benefits obligation	\$ <u>88,018,979</u>	<u>76,147,276</u>

The net periodic postretirement benefit expense for 2012 and 2011 includes the following components:

	<u>2012</u>	<u>2011</u>
Net periodic benefit cost:		
Service cost	\$ 600,735	662,567
Interest cost	4,125,323	3,948,340
Amortization of prior service credit	(1,530,929)	(1,726,712)
Amortization of net loss	920,301	1,274,834
	<u>4,115,430</u>	<u>4,159,029</u>
Total net periodic benefit cost	\$ <u>4,115,430</u>	<u>4,159,029</u>

The discount rates for 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Benefit obligation weighted average assumptions as of June 30, 2012 and 2011:		
Discount rate	4.60%	5.65%
Benefit cost weighted average assumptions for the years ended June 30, 2012 and 2011:		
Discount rate	5.65%	5.50%

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

Other changes in postretirement benefit obligations recognized in unrestricted net assets for 2012 and 2011 include the following components:

	<u>2012</u>	<u>2011</u>
Actuarial net loss (gain)	\$ 10,417,644	(380,763)
Amortization of prior service cost	1,530,929	1,726,712
Amortization of net loss	<u>(920,301)</u>	<u>(1,274,834)</u>
	<u>\$ 11,028,272</u>	<u>71,115</u>

As of June 30, 2012 and 2011, the items not yet recognized as net periodic postretirement benefit cost are as follows:

	<u>2012</u>	<u>2011</u>
Prior service credit	\$ (1,901,300)	(3,432,229)
Net loss	<u>27,383,082</u>	<u>17,885,739</u>
	<u>\$ 25,481,782</u>	<u>14,453,510</u>

The estimated prior service credit and net loss that will be amortized into net periodic benefit cost in 2012 are \$(633,768) and \$1,925,511, respectively.

For measurement purposes, an 8% annual rate of increase in the medical per capita cost of covered healthcare benefits was assumed for pre-age and post-age 65 coverage for the year ended June 30, 2012, decreasing to 5% in 2018 and remaining at that level thereafter. The healthcare cost trend rate assumption has a significant effect on the accrual. A 1% increase in the rate translates to an increase in the accumulated postretirement benefit obligation and service and interest cost of \$13,410,742 and \$737,431, respectively, in 2012. A 1% decrease in the rate translates to a decrease in the accumulated postretirement benefit obligation and service and interest cost of \$10,820,999 and \$589,985, respectively, in 2012.

Projected plan benefit payments for each of the next five fiscal years and the five years thereafter are as follows:

	<u>Before Medicare subsidy</u>	<u>Medicare subsidy</u>	<u>After Medicare subsidy</u>
2013	3,768,888	276,311	3,492,577
2014	4,069,917	309,729	3,760,188
2015	4,321,535	327,148	3,994,387
2016	4,604,591	356,370	4,248,221
2017	4,889,407	382,616	4,506,791
2018 through 2022	27,053,611	2,243,061	24,810,550

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is reflected assuming that the University will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D.

(14) Defined Contribution Retirement Plan

The University has a defined contribution retirement plan established in accordance with Section 403(b) of the Internal Revenue Code of 1986, which covers substantially all full-time employees. Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), Fidelity Management Trust Company (Fidelity), and T. Rowe Price Trust Company (T. Rowe Price) are the plan's recordkeepers and custodians. In 2011, the University selected TIAA-CREF as the University's sole 403(b) vendor effective January 1, 2011. Existing accounts with Fidelity and T. Rowe Price continue to be part of the plan, but new contributions can only be made to TIAA-CREF accounts.

The University makes annual plan contributions, which are vested immediately for the benefit of the participants. The University's contributions under the plan for the years ended June 30, 2012 and 2011 amounted to \$9,835,206 and \$9,489,392, respectively.

(15) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011 are available to support the following areas:

	<u>2012</u>	<u>2011</u>
Instruction	\$ 28,895,308	30,042,747
Research	872,079	508,581
Academic support	16,536,127	16,135,904
Student activities	935,177	1,005,874
Institutional support	4,766,006	3,927,488
Capital projects	248,405	399,613
Scholarships	5,768,544	7,695,738
Contributions receivable	4,340,785	4,882,162
Split-interest agreements	690,119	716,194
	<u>\$ 63,052,550</u>	<u>65,314,301</u>

Certain temporarily restricted net assets available to support the Lubin School of Business are expendable only for projects approved by the donor's designee.

Permanently restricted net assets at June 30, 2012 and 2011 are restricted to investment in perpetuity, with investment return principally available to support scholarships and fellowships, academic programs, academic chairs, and capital improvements.

(16) Scholarships and Fellowships

Tuition and fees are presented net of amounts awarded to students to defray their cost of attending the University. The amount awarded totaled \$122,290,052 and \$112,550,227 for the years ended June 30, 2012 and 2011, respectively.

PACE UNIVERSITY
Notes to Financial Statements
June 30, 2012 and 2011

(17) Operating Leases

The University leases office, student housing, and classroom space under several lease agreements expiring at various dates through June 30, 2043. The minimum annual rentals in connection with such leases are as follows:

	Amount
Year ending June 30:	
2013	\$ 23,165,672
2014	20,735,136
2015	21,925,145
2016	22,164,021
2017	23,017,774
2018 and thereafter	273,008,026
	\$ 384,015,774

Included in the above is a lease commitment for student housing of \$228,558,454. In August 2012 the University entered into a new 30-year lease for student housing, estimated to commence in August 2015, with total base rent payable of \$261,909,039.

Total rental expense for the years ended June 30, 2012 and 2011 was \$25,075,917 and \$23,216,709, respectively. Included in accounts payable and accrued liabilities is a deferred rent obligation of \$6,079,103 and \$4,401,092 at June 30, 2012 and 2011, respectively, which represents the effect of straight-lining the total minimum lease payments over the lease terms.

(18) Expenses

Expenses are reported in the statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction and research. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of these primary program services. Institutional support includes fund-raising expenses of \$4,210,661 and \$3,469,102 for the years ended June 30, 2012 and 2011, respectively. For purposes of reporting fund-raising expenses, the University includes only those fund-raising costs incurred by its development office.

PACE UNIVERSITY

Notes to Financial Statements

June 30, 2012 and 2011

(19) Allocation of Certain Expenses

The University allocates operation and maintenance of plant, depreciation, and interest and other debt-related expenses based upon building square footage and the use of each facility. For the year ended June 30, 2012 (with comparative totals for 2011), the following allocation of expenses was included in the accompanying statements of activities:

	<u>Allocated expenses</u>				<u>Total per statement of activities</u>
	<u>Operation and maintenance of plant</u>	<u>Depreciation</u>	<u>Interest and other debt-related expenses</u>	<u>Direct expenses</u>	
Instruction	\$ 5,550,660	1,803,710	823,764	112,409,587	120,587,721
Research	423,105	137,490	38,743	3,607,468	4,206,806
Academic support	8,078,582	2,625,170	739,741	34,168,976	45,612,469
Student services	5,052,434	1,641,810	1,098,151	32,677,727	40,470,122
Institutional support	3,344,161	1,086,699	641,997	44,022,702	49,095,559
Auxiliary enterprises	9,695,934	3,150,735	2,722,068	30,524,954	46,093,691
Total 2012	<u>\$ 32,144,876</u>	<u>10,445,614</u>	<u>6,064,464</u>	<u>257,411,414</u>	<u>306,066,368</u>
Total 2011	\$ 31,269,106	9,981,588	8,629,737	242,504,428	292,384,859

(20) Contingency

The University is involved in various legal proceedings and claims arising in the normal course of business. Management of the University does not expect the ultimate resolution of these actions to have a material adverse effect on the University's financial position.

(21) Subsequent Events

In accordance with ASC Subtopic 855-10, *Subsequent Events*, the University evaluated subsequent events after the balance sheet date of June 30, 2012 through October 29, 2012, which was the date the financial statements were issued, and determined that there were no additional matters that are required to be disclosed.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of Projects

The University agrees that, whether or not there is sufficient money available to it under the provisions of the Resolution and under the Loan Agreement, the University shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of each Project, substantially in accordance with the Contract Documents relating thereto. However, the University is not required to complete the acquisition, design, construction, rehabilitation and improving or otherwise providing, furnishing and equipping of the Project if prior to completion thereof (i) such Project or any portion thereof shall have been taken by eminent domain or condemnation or shall have been damaged or destroyed, (ii) such Project or portion thereof is not to be repaired, replaced or restored, and (iii) the proceeds of any condemnation award or insurance policy resulting from such taking, damage or destruction shall have been paid to the Trustee as required by Section 24 of the Loan Agreement. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of money available in the applicable Construction Fund, cause the University to be reimbursed for, or pay, any costs and expenses incurred by the University which constitute Costs of the Project, provided such costs and expenses are approved by an Authorized Officer of the Authority.

(Section 5)

Amendment of a Project; Cost Increases; Additional Bonds

A Project may be amended by the University with the prior written consent of an Authorized Officer of the Authority, which consent will not be unreasonably withheld, 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.

(Section 6)

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

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

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

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

(c) On or before the tenth day of each month, an amount equal to the interest coming due on outstanding Variable Interest Rate Bonds on the next succeeding interest payment date, assuming that such Bonds will, from and

Appendix C

after the immediately preceding interest payment date, bear interest at the rate borne by such Variable Interest Rate Bonds on the immediately preceding interest payment date, plus one percent (1%) per annum;

(d) On or before the tenth day of each month, commencing on the 10th day of the 6th month immediately preceding the date on which interest on Bonds becomes due, one-sixth (1/6) of the interest coming due on all other Bonds, other than Variable Interest Rate Bonds, on the immediately succeeding Interest Payment Date on such Bonds; provided, however that, with respect to such payments if there are less than six (6) such payment dates prior to the first Interest Payment Date on the Bonds of a Series, on each payment date prior to such Interest Payment Date, the University 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 the Bonds of such Series;

(e) On the tenth day of each month commencing on the 10th day of the July immediately preceding the Bond Year during which the principal or a Sinking Fund Installment of Bonds becomes due, one-twelfth (1/12) of the principal and Sinking Fund Installments on the Bonds coming due. During the succeeding Bond Year provided, however, that, if there are less than twelve (12) such payment dates prior to the date on which principal or Sinking Fund Installments come due on Bonds of a Series, on each payment date prior to such date, the University shall pay with respect to such Bonds an amount equal to the principal and or Sinking Fund Installments of such Bonds coming due on such 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 July 1 of the Bond Year during which such principal or Sinking Fund Installment comes due;

(f) Unless otherwise subject to the condition that sufficient money is available on the redemption date or the purchase date or unless waived by the Authority, at least forty-five (45) days prior to any date on which the Redemption Price or purchase price in lieu of redemption of Bonds or Bonds contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price in lieu of redemption of such Bonds;

(g) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with each Series of Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; *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);

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

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

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

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

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

Subject to the provisions of the Resolution and the Loan Agreement, the University shall receive a credit against the amount required to be paid by the University during a Bond Year pursuant to paragraph (e) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through Sinking Fund Installments during the next succeeding July 1, either (i) the University delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority directs the University, and the University agrees, to make the payments required by paragraphs (c), (d), (e), (f), (i), (j) and (l) above directly to the Trustee for deposit and application in accordance with the Resolution, the payments required by paragraph (b) above directly to the Trustee for deposit in a Construction Fund or other fund established under the Resolution, as directed by an Authorized Officer of the Authority, the payments required by paragraphs (a), (g) and (h) above directly to the Authority and the payments required by paragraphs (k) above to or upon the order of the Authority.

Notwithstanding any provision in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in this section), all money paid by the University to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the University's indebtedness to the Authority thereunder 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 money is applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such money has 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 Resolution. Except as otherwise provided in the Resolution, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

The obligations of the University to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the University may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the University to complete a Project or the completion thereof with defects, failure of the University to occupy or use a Project, any declaration or finding that the Bonds or any Series or 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 University may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan

Appendix C

Agreement to cause advances to be made to reimburse the University for, or to pay, the Costs of a Project beyond the extent of money in the account within the Construction Fund established for such Project.

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

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

The Authority shall have the right in its sole discretion to make on behalf of the University any payment required pursuant to the Loan Agreement which has not been made by the University when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the provisions of the Loan Agreement summarized below under the caption "*Defaults and Remedies*" arising out of the University's failure to make such payment and no payment by the Authority shall be construed to be a waiver of any such right or of the obligation of the University to make such payment.

The University, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in 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 University, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution with respect to such Series of Bonds; *provided, however*, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the University, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds outstanding to be paid or to be deemed paid in accordance with the Resolution.

(Section 9)

Consent to Pledge and Assignment

The University consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority's rights to receive the payments required to be made pursuant to paragraphs (c), (d), (e), (f), (j) and (l) of the provisions of the Loan Agreement summarized above under the caption "*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*", (ii) any or all security interests that may be granted by the University under the Loan Agreement and (iii) all funds and accounts established by the Resolution and pledged thereby in each case to secure currency payment or the performance of any obligation of the University under the Loan Agreement or arising out of the transactions contemplated in the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The University further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this section, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the University's obligation to make all payments required hereby and to performing all other obligations required to be performed by the University hereunder.

(Section 13)

Tax-Exempt Status of the University

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

(Section 14)

Use and Control of Projects; Restrictions on Religious Use

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

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

(Section 18 and 19)

Appendix C

Maintenance, Repair and Replacement.

The University agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Projects 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 of the Projects may be properly and advantageously conducted. The University shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project which may have been financed by the proceeds of the sale of Bonds provided the University substitutes for any 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 University further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Projects except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 21)

Covenant as to Insurance.

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

(b) The University shall furnish to the Authority annually a report of an Insurance Consultant that the insurance coverage maintained by the University is adequate and in accordance with the standards above.

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

(Section 23)

Reports and Financial Information

The University shall, if and when requested by an Authorized Officer of the Authority, render to the Authority and the Trustee reports with respect to all repairs, replacements and maintenance made to each Project. In addition, the University shall, if and when requested by an Authorized Officer of the Authority, render such other reports concerning the condition of each Project as an Authorized Officer of the Authority may request. The University shall also furnish annually, not later than one hundred fifty (150) days after the end of the University's fiscal year, to the Trustee, the Authority and to such other parties as an Authorized Officer of the Authority may reasonably designate, including Rating Services, (i) a certificate stating whether the University is in compliance with the provisions of the Loan Agreement, (ii) copies of its financial statements audited by a nationally recognized independent public accountant selected by the University and acceptable to an Authorized Officer of the Authority and prepared in conformity with generally accepted accounting principles applied on a consistent basis, except that such audited financial statements may contain such changes as are concurred in by such accountants, and (iii) such other statements, reports and schedules describing the finances, operation and management of the University and such other information reasonably required by an Authorized Officer of the Authority.

(Section 26)

Defaults and Remedies

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

(a) the University shall default in the timely payment of any amount payable pursuant to the Loan Agreement or the payment of any other amounts required to be delivered or paid by or on behalf of the University in accordance with the Loan Agreement or the Resolution, and such default continues for a period in excess of seven (7) days;

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

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

(d) the University shall be in default under the Master Indenture or under any Obligation issued under the Master Indenture and in either case such default shall continue beyond any applicable grace period;

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

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

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

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

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

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

(k) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the University, which order shall remain undismissed or unstayed for

Appendix C

the earlier of (x) three (3) Business Days prior to the date provided for in such order for such sale, disposition or distribution or (y) an aggregate of thirty (30) days from the date such order shall have been entered; or

(l) a final judgment for the payment of money which in the reasonable judgment of the Authority will materially adversely affect the rights of the Holders of the Bonds shall be rendered against the University and at any time after forty-five (45) days from the entry thereof, (i) such judgment shall not have been discharged or paid, or (ii) the University shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty live (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.

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

- (a) declare all sums payable by the University under the Loan Agreement immediately due and payable;
- (b) direct the Trustee to withhold any and all payment advances and reimbursements from the proceeds of Bonds or any Construction Fund or otherwise to which the University may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or money for such purposes as are authorized by the Resolution;
- (c) withhold any or all further performance under the Loan Agreement;
- (d) maintain an action against the University under the Loan Agreement, Master Indenture or Obligation to recover any sums payable by the University or to require its compliance with the terms of the Loan Agreement, Master Indenture or Obligation;

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

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

(Section 29)

Termination

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

(Section 43)

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution pertaining to the Series 2013 Bonds and the Project. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

Contract with Bondholders

It is the intent of the Resolution to authorize the issuance by the Authority, from time to time, of its Bonds in one or more Series, each such Series to be authorized by a separate Applicable Series Resolution and, inter alia, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the Applicable Series Resolution authorizing such Series of Bonds. With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of an Applicable Series authorized to be issued under the Resolution and under the Applicable Series Resolution by those who shall hold or own the same from time to time, this Resolution and the Applicable Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of the Bonds of an Applicable Series, and the pledge and assignment made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, 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 Bonds of a Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Applicable Series Resolution.

(Section 1.03)

Option of Authority to Assign certain Rights and Remedies to the Trustee

1. As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, Outstanding Bonds of a Series and for the performance of each other obligation of the Authority under the Resolution, the Authority may grant, pledge and assign to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the Applicable Loan Agreement, or Applicable Obligation, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement or Obligation, 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, Gross Revenues and other payments and other security now or hereafter payable to or receivable by the Authority under such Loan Agreement or Obligation, 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 Applicable Bondholders, and to perform all other necessary and appropriate acts under the Applicable Loan Agreement or Applicable Obligation, subject to the following conditions: (a) that, unless and until the Authority grants, pledges or assigns such rights under the Applicable Loan Agreement or the Applicable Obligation to the Trustee, the Authority may in its sole discretion unless the consent of the Applicable Credit Facility Issuer, if any, is required, and without the consent of the Trustee or the Bondholders modify, amend or release any provisions of such Loan Agreement or Obligation only as provided in the Resolution; (b) that the Holders of the Applicable 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; (c) that, unless and until the Trustee shall, in its discretion when an "Event of Default" (as defined in the Applicable Loan Agreement) under the Applicable Loan Agreement shall have occurred and shall be continuing, so elect, by instrument in writing delivered to the Authority and the University (and then only to the extent that the Trustee shall so 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 Applicable Loan Agreement to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision); the Authority, however, is to remain liable to observe and perform all the conditions and covenants in the Applicable Loan Agreement to be observed and performed by it; provided, however, that any grant, pledge and assignment by the Authority of moneys, revenues, accounts, rights or other property of the University made with respect to such Loan Agreement pursuant to this paragraph shall secure, in

Appendix D

the case of the Applicable Loan Agreement or any applicable portion thereof, only the payment of the amounts payable under such Loan Agreement.

2. In the event the Authority grants, pledges and assigns to the Trustee any of its rights as provided in paragraph 1 of this Section, the Trustee shall accept such grant, pledge and assignment which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee.

3. Upon (i) the occurrence of an Event of Default (other than an Event of Default specified in paragraph (c) of the Section entitled "Event of Default") and (ii) the written request of the Applicable Bond Trustee, the Authority shall assign the Applicable Obligation to the Trustee.

Refunding Bonds and Additional Obligations

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds, one or more series of bonds or other obligations, a portion of a Series of Outstanding Bonds or a portion of a series of bonds or other obligations, a portion of a maturity of a Series of Outstanding Bonds or a portion of a maturity of a series of bonds or other obligations. The Authority by resolution of its members may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Section and of the Series Resolution authorizing such Series of Refunding Bonds or by the provisions of the resolution or resolutions authorizing the bonds or other obligations issued by the Authority, as the case may be Bonds.

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

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, entitled to a charge or lien or right prior or equal to the charge or lien created by the Resolution and pursuant to an Applicable Series Resolution, or prior or equal to the rights of the Authority and Holders of an Applicable Series of Bonds as provided under the Resolution or with respect to the moneys pledged under the Resolution or pursuant to an Applicable Series Resolution.

(Sections 2.04 und 2.05)

Pledge of Revenues

The proceeds from the sale of an Applicable Series of Bonds, the Revenues and all funds authorized by the Resolution and established pursuant to an Applicable Series Resolution, other than an Applicable Arbitrage Rebate Fund, are by the Resolution, subject to the adoption of an Applicable Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Applicable Series of Bonds and as security for the performance of any other obligation of the Authority under the Resolution and under an Applicable Series Resolution with respect to such Series, all in accordance with the provisions of the Resolution and thereof. The pledge made by the Resolution, subject to the adoption of an Applicable Series Resolution, shall relate only to the Bonds of an Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. 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 Applicable Series of Bonds, the Revenues and all funds and accounts established by the Resolution and pursuant to the Applicable Series Resolution which are pledged by the Resolution and pursuant to the Applicable Series Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Applicable Series shall be special obligations of the Authority payable solely from and secured by a

pledge of the proceeds from the sale of such Series of Bonds, the Revenues and the funds established by the Resolution and pursuant to the Applicable Series Resolution, which pledge shall constitute a first lien thereon.

(Section 5.01)

Establishment of Funds and Accounts

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established, held and maintained for each Applicable Series by the Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;
Debt Service Fund;
Debt Service Reserve Fund; and
Arbitrage Rebate Fund.

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund created by the Resolution, other than the Applicable Arbitrage Rebate Fund, shall be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but shall nevertheless be disbursed, allocated and applied solely in connection with an Applicable Series of Bonds for the uses and purposes provided in the Resolution; **provided however**, that (i) any Debt Service Reserve Fund established by or pursuant to a Series Resolution, the amounts held therein and amounts derived from any Reserve Fund Facility related thereto, shall not be held in trust for the benefit of the Holders of Bonds other than the Bonds of the Series secured thereby as provided in such Series Resolution and are pledged solely thereto and no Holder of the Bonds of any other Series shall have any right or interest therein, and (ii) 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 Bond Proceeds and Allocation Thereof

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

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

(Section 5.03)

Application of Money in the Construction Fund

For purposes of internal accounting, an account in the Applicable Construction Fund may contain one or more subaccounts, as the Authority or the Trustee may deem necessary or desirable. As soon as practicable after the delivery of an Applicable Series of Bonds, the Trustee shall deposit in the appropriate account in the Applicable Construction Fund the amount required to be deposited therein pursuant to the Applicable Series Resolution, the Applicable Loan Agreement or the Applicable Bond Series Certificate. In addition, the Authority shall remit to the

Appendix D

Trustee and the Trustee shall deposit in the appropriate account in the Applicable Construction Fund any moneys paid or instruments payable to the Authority derived from insurance proceeds or condemnation awards from the Project.

Except as otherwise provided in the Resolution and in the Applicable Series Resolution or Applicable Bond Series Certificate, moneys deposited in the Applicable Construction Fund shall be used only to pay the Costs of Issuance of the Bonds issued in connection with such Series Resolution or Bond Series Certificate and the Costs of the Project(s) in connection with which such Bonds were issued:

Payments for Costs of a Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates 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. Such certificate or certificates shall be substantiated by a certificate filed with the Authority signed by an Authorized Officer of the University, 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 the Applicable Series of Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the Applicable Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the University with respect to an Project shall be deposited in the appropriate account in the Applicable Construction Fund and, if necessary, such fund may be reestablished for such purpose and if not used to repair, restore or replace such Project, transferred to the Applicable Debt Service Fund for the redemption of the Applicable Series of Bonds in accordance with the Applicable Loan Agreement.

An Project shall be deemed to be complete (a) upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the University which certificate shall be delivered as soon as practicable after the date of completion of such Project or (b) upon delivery to the University and the Trustee of a certificate of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that such Project has been completed substantially in accordance with the plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy, and, in the case of a certificate of an Authorized Officer of the University, shall specify the date of completion, or if any portion of the Project has been abandoned and will not be completed, shall so state.

Upon receipt by the Trustee of the certificate required pursuant to the provisions of the Resolution, the moneys, if any, then remaining in the Construction Fund, after making provision in accordance with the direction of the Authority for the payment of any Costs of Issuance of such Applicable Series of Bonds and Costs of the Project then unpaid, shall be paid by the Trustee as follows and in the following order of priority:

First: Upon the direction of the Authority, to the Applicable Arbitrage Rebate Fund, the amount set forth in such direction;

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

Third: To the Applicable Debt Service Fund for the redemption or purchase of the Applicable Series of Bonds in accordance with this Resolution and the Applicable Series Resolution, any balance remaining.

(Section 5.04)

Enforcement Obligations; Deposit and Allocation of Revenues

(a) To the extent the University fails to make any timely payment under the Applicable Loan Agreement, which payment would constitute a credit for payment of the Obligation in accordance with the terms thereof, the Trustee shall promptly make demand for payment under the Applicable Obligation in accordance with the terms thereof.

(b). The Revenues, including all payments received under the Applicable Loan Agreement, Master Indenture and the Obligations, shall be deposited upon receipt by the Trustee to the appropriate account of the Applicable Debt Service Fund in the amounts, at the times and for the purposes specified in the Applicable Series Resolution or Applicable Loan Agreement. To the extent not required to pay the interest, principal, Sinking Fund Installments and moneys which are required or have been set aside for the redemption of Bonds of the Applicable Series, moneys in the Applicable Debt Service Fund shall be paid by the Trustee on or before the Business Day preceding each interest payment date as follows and in the following order of priority:

First: To reimburse, pro rata, the Applicable Facility Provider, if any, for Provider Payments which are then unpaid the respective Provider Payments and to replenish each Debt Service Reserve Fund to its respective Debt Service Reserve Fund Requirement, pro rata, in proportion to the amount the respective Provider Payments then unpaid to each Facility Provider and the amount of the deficiency in each Debt Service Reserve Fund bears to the aggregate amount of Provider Payments then unpaid and deficiencies in the respective Debt Service Reserve Funds;

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

Third: To the Applicable Debt Service Reserve Fund, if any, such amount, if any, necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement; and

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

(c) After making the payments required by paragraph (a) above, 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 Applicable Construction Fund or the Applicable Debt Service Fund, or paid to the University, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution. The Trustee shall notify the Authority and the University promptly after making the payments required by the Resolution, of any balance of Revenues then remaining.

(d) In the event that any payments received by the Trustee under the Resolution are less than the total amount required to be paid to the Trustee and such payments relate to more than one Series of Bonds, the payments shall be applied pro rata to each such Series of Bonds based upon the amounts then due and payable.

(Section 5.05)

Debt Service Fund

1. The Trustee shall on or before the Business Day preceding each interest payment date pay, from the Applicable Debt Service Fund, to itself and any other Paying Agent:

(a) the interest due on all Outstanding Bonds of the Applicable Series on such interest payment date;

(b) the principal amount due on all Outstanding Bonds of the Applicable Series on such interest payment date;

(c) the Sinking Fund Installments, if any, due on all Outstanding Bonds of the Applicable Series on such interest payment date; and

Appendix D

(d) moneys required for the redemption of Bonds of the Applicable Series in accordance the Resolution.

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

2. In the event that on the fourth Business Day preceding any interest payment date the amount in the Applicable Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds of the Applicable Series, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for 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, the Trustee shall withdraw from the Applicable Debt Service Reserve Fund, if applicable, and deposit to the Applicable 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, the Applicable Facility Provider, if any, Credit Facility Issuer, if any, Master Trustee, of a withdrawal from the Applicable Debt Service Reserve Fund.

3. Notwithstanding the provisions of paragraph 1 above, the Authority may, at any time subsequent to the first principal payment date 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 Applicable Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Applicable Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the University and delivered to the Trustee in accordance with the Applicable 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 that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

4. Moneys in the Applicable Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Applicable Outstanding Bonds payable on or prior to the next succeeding principal payment date, the interest on Applicable Outstanding Bonds payable on the next succeeding interest payment date, and the purchase price or Redemption Price of Applicable 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 Applicable 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 Applicable Debt Service Fund, such moneys may be applied by the Trustee: (i) in accordance with the direction of an Authorized Officer of the Authority given in the Resolution to the redemption of Bonds as provided in the Resolution, at the Redemption Prices specified in the Applicable Series Resolution or Bond Series Certificate or (ii) as may otherwise be directed by the Authority.

(Section 5.06)

Arbitrage Rebate Fund

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

Moneys on deposit in the Applicable Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction 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 the Authority determines to be in

excess of the amount required to be so rebated shall be deposited to any applicable fund in accordance with the directions of the Authority.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to each Applicable Series of Bonds and direct the Trustee to (i) transfer from any other of the applicable funds held by the Trustee under the Resolution and deposit to the Applicable Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Series of Bonds and (ii) pay out of the Applicable Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Debt Service Fund and the Debt Service Reserve Fund, if applicable, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of a Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, (ii) the amounts held in the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Series secured thereby and the interest accrued and unpaid and to accrue on such Bonds to the next date on which such Bonds may be redeemed or (iii) in either case, to make provision pursuant to the Section entitled “Defeasance” herein for the payment of such Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the University. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, 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 a Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Section entitled “Defeasance” herein and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance with such instruction.

(Section 5.08)

Transfer of Investments

Whenever moneys in any Applicable fund established under the Resolution or under an Applicable Series Resolution are to be paid to another such fund, such payment may be made, in whole or in part, by transferring to such other fund investments held as part of the fund 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 that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 5.09)

Computation of Certain Assets of Certain Funds

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 University, 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 Resolution, shall compute the value of the assets in the Applicable Debt Service Reserve Fund, as applicable, 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 University 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 Applicable Reserve Fund Requirement.

(Section 5.10)

Appendix D

Security for Deposit

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 Applicable Series of 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 Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on a Series of 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 Resolutions as an investment of such moneys.

(Section 6.01)

Investment of Funds Held by the Trustee

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

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

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 unless otherwise provided in a Series Resolution.

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, each Permitted Investment shall be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in a Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest and except that Investment Agreements shall be valued at original cost, plus accrued interest.

The Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, or 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 this Section entitled "Investment of Funds held by Trustees". 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 hereto whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund in which such investment is held. The Trustee shall advise the Authority and the University in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such

investments comply with the provisions of the first three paragraphs of this Section entitled “Investment of Funds held by Trustees”. 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 in the previous month.

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

(Section 6.02)

Accounts and Audits

The Authority shall keep proper books of record 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 Applicable 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 University, the Trustee, any Credit Facility Issuer or any Holder of a Bond of an Applicable Series or such Holder’s representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, each Facility Provider, if any, each Credit Facility Issuer, if any, and the University. Such report shall include at least, a statement of all funds (including investments thereof) held by the Trustee and the Authority pursuant to the provisions of the Resolution and of each Applicable Series Resolution; a statement of the Revenues collected in connection herewith and with each Applicable Series Resolution; a statement that the balance in the Applicable Debt Service Reserve Fund meets the requirements of the Resolution and of the Applicable Series Resolution; and complete and correct entries of the Authority’s transactions relating to each Series of Bonds. A copy of such report, upon receipt of a written request therefore and payment of any reasonable fee or charge made in connection therewith, be furnished to any registered owner of a Bond or any beneficial owner of a Book-Entry Bond requesting the same.

(Section 7.05)

Enforcement of Duties and Obligations of the University

The Authority shall take all legally available action to cause the University to perform fully all duties and acts and comply fully with the covenants of the University required by the Applicable Loan Agreement in the manner and at the times provided in such Loan Agreement; provided, however, that the Authority may delay, defer or waive enforcement of one or more provisions of said 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, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of an Applicable Series.

(Section 7.06)

Deposit of Certain Moneys in the Construction Fund

In addition to the proceeds of Bonds of an Applicable Series to be deposited in the Applicable Construction Fund, any moneys paid or letter of credit or other security payable to the Authority for the acquisition, construction, reconstruction, renovation or equipment of an Project(s) and any moneys received in respect of damage to or condemnation of such Project(s) shall be deposited in the Applicable Construction Fund.

(Section 7.07)

Appendix D

Amendment of Loan Agreement and Master Indenture

The Authority may not amend, change, modify, alter or terminate a Loan Agreement or consent to the amendment, change, modification, alteration or termination of the Master Indenture, in either case so as to materially adversely affect the interest of the Holders of Outstanding Bonds without the prior written consent of the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the Holders of not less than a majority in aggregate principal amount of the Bonds of each Series so affected then Outstanding; **provided, however**, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section entitled “Amendment of Loan Agreement and Master Indenture”; **provided, further**, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the University under its Applicable Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof or reduce the amount of any payment required to be made under the Applicable Obligations held by the Authority. Notwithstanding any provision of this Section to the contrary, the Authority may consent to the waiver, amendment or removal of any covenant or provision which, pursuant to the Master Indenture, may be waived by the Authority without the consent of the Holders of the Bonds or the Trustee. A Loan Agreement may be amended, changed, modified or altered without the consent of the Trustee and the Holders of Outstanding Bonds to provide necessary changes in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping, of any facilities constituting a part of the Projects or which may be added to or adjacent to the Projects or the issuance of Bonds, to cure any ambiguity, to provide for the issuance of a Series of Bonds or to correct or supplement any provisions contained in a Loan Agreement, which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement. Notwithstanding anything in this Section to the contrary, if a Loan Agreement or the Master Indenture expressly provides for the consent of any other person or entity to an amendment to such Loan Agreement or the Master Indenture, such consent shall be required to be obtained as provided in the Loan Agreement or the Master Indenture. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

For the purposes of this Section, a Series of Bonds shall be deemed to be adversely affected by an amendment, change, modification or alteration of the Applicable Loan Agreement if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the University, the Authority and all Holders of Bonds.

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

(Section 7.10)

Notice as to an Event of Default Under the Loan Agreement

The Authority shall notify the Trustee and any Applicable Credit Facility Issuer in writing that an “Event of Default” under a Loan Agreement, as such term is defined in such Loan Agreement, has occurred and is continuing, which notice shall be given within five (5) days after the Authority has obtained actual knowledge thereof.

(Section 7.11)

Modification and Amendment Without Consent

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

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

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

(c) 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 Resolutions;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by the provisions of, the Resolution, the Master Indenture, or any Applicable Series Resolution, the Revenues, or any pledge of any other moneys, Securities or funds;

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

(f) 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 herewith as theretofore in effect, or to modify any of the provisions of the Resolutions or of any previously adopted Applicable Series Resolution or Applicable Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Holders of Bonds of an Applicable Series in any material respect.

(Section 9.02)

Applicable Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution and an Applicable Series Resolution may also be modified or amended at any time or from time to time by an Applicable Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the provisions of Article 10 of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by the Authority.

(Section 9.03)

General Provisions Relating to the Applicable Series Resolution and Supplemental Resolution

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 or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

Appendix D

A copy of every Applicable Series Resolution and Applicable Supplemental Resolution adopted by the members of the Authority, when filed with the Trustee thereunder, shall be accompanied by an opinion of Applicable Bond Counsel stating that such Applicable Series Resolution or Applicable 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 is by the Resolution authorized to accept delivery of a certified copy of any Applicable Series Resolution or Applicable Supplemental Resolution permitted or authorized pursuant to the provisions of the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Applicable Series Resolution or Applicable Supplemental Resolution is authorized or permitted by the provisions of the Resolution

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

(Section 9.04)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority which shall be deemed to affect an Applicable Series of Bonds and of the Holders of the Bonds of such Applicable Series under the Resolution, in any particular, may be made by an Applicable Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the Holders of at least two-thirds (2/3) in principal amount of the Bonds Outstanding of an Applicable Series at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least two-thirds (2/3) in principal amount of the Bonds of the Applicable 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 Applicable 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 this Section of 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 of an Applicable Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds of an Applicable Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, an Applicable Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of an Applicable 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 of an Applicable Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of an Applicable Series or maturity would be so affected by any such modification or amendment of the Resolution.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of this Section to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Holders of the Applicable Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed or caused to be mailed by the Trustee at the direction of the Authority to such Bondholders (but failure to mail such copy to any particular Bondholder shall not affect the validity of such Supplemental Resolution when consented to as provided in this Section). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the

written consent of such Holders of the percentages of Outstanding Bonds of an Applicable Series specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds of an Applicable Series 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 Holders of the Bonds of the Applicable Series described in the certificate or certificates of the Trustee. Any consent given by a Holder of Bonds of an Applicable Series shall be binding upon such Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any such subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Bondholder giving such consent or such subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee is filed. 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 such Holders of the required percentages of Bonds shall have filed their consents to such Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders 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 such 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 of each Applicable Series and will be effective as provided in this Section, shall be given to such Bondholders by the Trustee at the direction of the Authority by mailing or causing the mailing of such notice to the Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this Section) and, in the sole discretion of the Authority, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of such Bonds shall have filed their consents to such Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this Section). If such notice is published, the Authority shall file with the Trustee proof of the publication thereof, and, if the same shall have been mailed to the Holders of such Bonds, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, and the Holders of each Applicable Series of 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.

(Section 10.02)

Modifications by Unanimous Consent

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

(Section 10.03)

Appendix D

Events of Default

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

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

(c) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance of its tax covenants contained in the Resolution 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) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the holders of such Bonds contained in the Resolution or in the Bonds of such Series or in the Applicable 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 the same to be remedied shall have been given to the Authority by the Trustee (unless such default is not capable of being cured within thirty (30) days, the Authority has commenced to cure such default within thirty (30) days and diligently prosecutes the cure thereof), 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 of the Series; or

(e) The Authority shall have notified the Trustee that an “Event of Default”, as defined in the Applicable Loan Agreement, arising out of or resulting from the failure of the University to comply with the requirements of the Applicable Loan Agreement shall have occurred and be continuing and all sums payable by the University under such Applicable Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

An event of default under the Resolution in respect of a Series of Bonds shall not in and of itself be or constitute as an event of default in respect of any other Series of Bonds.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified above under the capture “Events of Default” in the Resolution, other than an event of default specified in paragraph (c) above under the “Events of Default”, then and in every such case the Trustee may, and, upon the written request of (i) Applicable the Credit Facility Issuers, if any, or the Holders of not less than twenty-five per centum (25%) in principal amount of an Applicable Series of Outstanding Bonds, with the prior written consent of the Applicable Credit Facility Issuers, if any, or (ii) if one or more Applicable Credit Facility Issuers, if any, have deposited with the Trustee a sum sufficient to pay the principal of and interest on the Applicable Outstanding Bonds due upon the acceleration thereof, upon the request of the Credit Facility Issuer, if any, or Credit Facility Issuers, if any, making such deposit, shall: (A) by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be due and payable immediately and (B) request that the Master Trustee declare all applicable Outstanding Obligations (as defined in the Master Indenture) to be immediately due and payable. At the expiration of thirty (30) days after the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or in the Bonds to the contrary notwithstanding. In the event that a Credit Facility Issuer shall make any payments of principal of or interest on any Bonds pursuant to a Credit Facility and the Bonds are accelerated, such Credit Facility Issuer may at any time and at its sole option, pay to the Bondholders all or such portion of amounts due under such Bonds prior to the stated maturity dates thereof. At any

time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Credit Facility Issuers, if any, which have issued Credit Facilities for not less than twenty-five per centum (25%) in principal amount of the Applicable Bonds not then due by their terms and then Outstanding, or the Holders of not less than twenty-five per centum (25%) in principal amount of the Applicable Outstanding Bonds, with the written consent of the Applicable Credit Facility Issuers, if any, and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Applicable Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Applicable 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 the Applicable Series Resolution (other than principal amounts payable only because of a declaration and acceleration under this Section) 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 the Applicable Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Applicable Credit Facility Issuers, if any, which have issued Credit Facilities for not less than twenty-five per centum (25%) in principal amount of the Applicable Outstanding Bonds, or of the Holders of not less than twenty-five per centum (25%) in principal amount of the Applicable Outstanding Bonds with the consent of the Credit Facility Issuers, if any, or, in the case of a happening and continuance of an event of default specified in paragraph (c) of the section entitled “Events of Default” above, upon the written request of the Applicable Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby with the consent of the Applicable Credit Facility Issuer, if any, of such Series of Bonds, shall proceed (subject to the provisions of the Resolution), to protect and enforce its rights and the rights of the Bondholders or of such Facility Provider, if any, under the Resolution or under the Applicable 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 the Applicable 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 the Applicable 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 Applicable Bonds, with interest on overdue payments of the principal or of 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 11.04)

Appendix D

Priority of Payments After Default

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

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

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

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

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

The provisions of this Section are in all respects subject to the other provisions of the Resolutions.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Holder of Bonds of any Applicable Series or to any other person for any delay in applying any such moneys so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions hereof as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date.

(Section 11.05)

Termination of Proceedings

In case any proceedings taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, each Credit Facility Issuer, if any, each Facility Provider, if any, the University and the Holders of Bonds of the Applicable Series shall be restored to their former positions and rights under the Resolution,

respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

(Section 11.06)

Bondholders' Direction of Proceedings

Anything in the Resolution to the contrary notwithstanding, the Applicable Credit Facility Issuers, if any, or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of an Applicable Series with the consent of the Applicable Credit Facility Issuers, if any, or, in the case of an event of default specified in paragraph (c) of the Section entitled "Event of Default" above, the Holders of a majority in principal amount of the Outstanding Bonds of the Applicable Series with the consent of the Applicable Credit Facility Issuers, if any, shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under the Applicable Series Resolution, provided, such direction shall not be otherwise than in accordance with law or the provisions hereof and of the Applicable Series Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

(Section 11.07)

Limitation of Rights of Individual Bondholders

No Holder nor the Credit Facility Issuer of a Credit Facility of any of the Bonds of an Applicable Series 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 under any Applicable Series Resolution, or for any other remedy under the Resolution unless such Holder or Credit Facility Issuer 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 of an Applicable Series with the consent of the Applicable Credit Facility Issuer or, in the case of an event of default specified in paragraph (c) of the Section entitled "Event of Default" above, the Holders of not less than a majority in principal amount of the Outstanding Bonds of such Series with the consent of the Applicable Credit Facility Issuer, 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 thereunder. It is understood and intended that no one (1) or more of the Credit Facility Issuers of a Applicable Series of Bonds secured by the Resolution and by an Applicable Series Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of an Applicable Series shall have the right which is absolute and unconditional to receive payment of the principal of (or Redemption Price, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Appendix D

Defeasance

1. If the Authority shall pay or cause to be paid to the Holders of the Bonds of an Applicable a Series the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the Applicable Series Resolution and Bonds Series Certificate, then the pledge of the Revenues or other moneys and Securities pledged to such Series of Bonds and all other rights granted by the Resolution to such Series of Bonds shall be discharged and satisfied, and the right, title and interest of the Trustee in the Applicable Loan Agreement, and the Revenues shall thereupon cease with respect to such Series of Bonds. Upon such payment or provision for payment, the Trustee, on demand of the Authority, shall release the lien of the Resolution and Applicable Series Resolution but only with respect to such Applicable Series of Bonds, except as it covers moneys and Securities provided for the payment of such Bonds, and shall execute such documents to evidence such release as may be reasonably required by the Authority and the University and shall turn over to the University or such person, body or authority as may be entitled to receive the same, upon such indemnification, if any, as the Authority or the Trustee may reasonably require, all balances remaining in any funds held under the Applicable Series Resolution after paying or making proper provision for the payment of the principal or Redemption Price (as the case may be) of, and interest on, all Bonds of the Applicable Series and payment of expenses in connection therewith; provided that if any, of such Bonds are to be redeemed prior to the maturity thereof, the Authority shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Resolution and the Applicable Series Resolution or irrevocable instructions to mail such notice shall have been given to the Trustee.

2. Bonds of an Applicable Series for which moneys shall have been set aside, shall be held in trust by the Trustee for the payment or redemption thereof, (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 this Section. All Outstanding Bonds of an Applicable Series or any maturity within such Series or a portion of a maturity within such 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 this Section if (a) 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 mail, as provided in the Resolution, notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities, which obligations are not subject to redemption prior to maturity other than at the option of the holder or which have been irrevocably called for redemption on a stated future date, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds of an Applicable Series on and prior to the redemption date or maturity date thereof, as the case may be, (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their respective 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 (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Authority shall give written notice to the Trustee of its selection of the maturity for which payment shall be made in accordance with Section of the Resolution. The Trustee shall select which Bonds of such Series and which maturity thereof shall be paid in accordance with this Section in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; provided 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 the Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be. 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 amount required hereinabove 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 Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, as directed by the Authority 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 such Loan Agreement.

3. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of money, or Defeasance Securities and money, if any, in accordance with clause (b) of the second sentence of paragraph 2 of this Section, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (b) of the second sentence of paragraph 2 of this Section, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based on the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by such Loan Agreement.

4. Option Bonds shall be deemed to have been paid in accordance with clause (b) of the second sentence of paragraph 2 of this Section only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Trustee pursuant to clause (b) of paragraph 2 of this Section, 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 paragraph 4 of this Section. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, *pro rata*, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Applicable Loan Agreement.

5. Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any of the Bonds of an Applicable Series which remain unclaimed for three (3) years after the date when such moneys become due and payable, upon such Bonds 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, 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 of such Series 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 forty (40) nor more than ninety (90) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

Appendix D

6. 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 a Credit Facility Issuer, if any, pursuant to the Credit Facility issued with respect to such Bond has paid the principal or Sinking Fund Installment thereof or the installment of interest thereon.

7. Prior to any defeasance becoming effective under the Resolution, each Applicable Credit Facility Issuer shall have received (a) the final official statement delivered in connection with the refunding of Bonds, if any, (b) a copy of the accountants' verification report, (c) a copy of the escrow deposit agreement or letter of instructions in form and substance acceptable to such Credit Facility Issuer, and (d) a copy of an opinion of Bond Counsel, dated the date of defeasance and addressed to such Credit Facility Issuer, to the effect that such Bonds have been paid within the meaning and with the effect expressed in this Resolution and the Series Resolution, and that the covenants, agreements and other obligations of the Authority to the Holders of such Bonds have been discharged and satisfied.

(Section 12.01)

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The following is a brief summary of certain provisions of the Master Indenture. Such summary does not purport to be complete and reference is made to the Master Indenture for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

MASTER TRUST INDENTURE

Supplement Creating Obligations

Obligations may be issued under the Master Indenture to evidence and secure Indebtedness or to evidence and secure any other financial obligations of the University in connection with the issuance of Related Bonds, including financial obligations under Derivative Agreements or Liquidity Facilities and all references in the Master Indenture to payments of principal of, interest on, and premium on Obligations shall be deemed to include and refer to any and all other payments due or to become due on any Obligations. Any Obligation issued and authenticated under the Master Indenture to evidence and secure obligations that do not constitute Indebtedness as described in the previous sentence, unless otherwise provided in the Supplement authorizing such Obligation, shall nevertheless be equally and ratably secured under the Master Indenture with all Obligations issued under the Master Indenture, provided, however, that any such Obligations that evidence or secure obligations that do not constitute Indebtedness shall be deemed Outstanding under the Master Indenture solely for the purpose of receiving payment under the Master Indenture and shall not be entitled to exercise any rights under the Master Indenture, including but not limited to any rights to direct the exercise of remedies, to vote or grant consent. Each Supplement shall, with respect to an Obligation evidencing Indebtedness created thereby, set forth the date thereof, and the date or dates on which the principal of and premium, if any, and interest on such Obligation shall be payable, the provisions regarding discharge thereof, and the form of such Obligation and such other terms and provisions as shall conform with the provisions of the Master Indenture.

(Section 2.04)

Security; Restrictions on Encumbering Property; Payment of Principal and Interest

Any Obligation issued pursuant to the Master Indenture shall be a general obligation of the University.

Grant of Mortgage.

(i) The University, pursuant to the Mortgage, mortgages the Mortgaged Property to the Master Trustee, for the equal and ratable benefit of the Holders from time to time of all of the Obligations in order to secure the performance by the University of its obligations under the Master Indenture and the prompt payment of all amounts due on each Obligation issued under the Master Indenture; provided, however, that Section 3.01(b)(i), summarized in this clause (i), shall not apply to any Obligations not secured by the Mortgage as provided in the Supplement authorizing the issuance of such Obligation.

(ii) Upon receipt of the Mortgage, all such security shall be held by the Master Trustee in trust for the holders from time to time of all Obligations issued and Outstanding under the Master Indenture, without preference or priority of any one Obligation over any other Obligation, with all proceeds realized from such security to be applied, proportionally and ratably to all Obligations issued under the Master Indenture; provided, however, that Section 3.01(b)(ii), summarized in this clause (ii), shall not apply to any Obligations not secured by the Mortgage as provided in the Supplement authorizing the issuance of such Obligation.

(iii) The Mortgage constitutes a Permitted Lien pursuant to Section 3.05(y) of the Master Indenture as summarized herein under the caption "Limitations on Creation of Liens".

(iv) The Master Trustee may release portions of the Mortgaged Property from the Lien of the Mortgage, or amend or modify the Mortgage, at the direction of the University as set forth in an Officer's Certificate demonstrating that any such release is a Permitted Release, or that any such amendment or modification is a Permitted Modification, as provided in the Master Indenture. In the event of any such Permitted Release or

Appendix E

Permitted Modification, the Master Trustee shall, upon direction of the University as set forth in such Officer's Certificate, execute a release of its Lien on any such portion of the Mortgaged Property, in order to implement a Permitted Release, or execute any other appropriate instrument or document in order to implement a Permitted Modification.

Pledge of Gross Revenues. To secure the prompt payment of the principal of, redemption premium, if any, and the interest on the Obligations and the performance by the University of its other obligations under the Master Indenture, the University pledges, assigns and grants to the Master Trustee a security interest in its Gross Revenues.

(i) The Master Indenture shall be deemed a "security agreement" for purposes of the UCC.

(ii) The Master Trustee's security interest in the Gross Revenues shall be perfected, to the extent that such security interest may be so perfected, by the filing by the University of financing statements which comply with the requirements of the UCC. The University shall cause to be filed, in accordance with the requirements of the UCC, financing statements; and, from time to time thereafter, shall execute and deliver and cause to be filed such other documents (including, but not limited to, continuation statements as required by the UCC) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain perfected such security interests or give public notice thereof.

(iii) The University shall notify the Master Trustee of any change of name and change of address of its chief executive office and shall file a new appropriate financing statement or an amendment to be filed in accordance with the requirements of the UCC, in order to maintain the perfected security interest granted in the Indenture.

(iv) The University covenants that it will prepare and file such financing statements or amendments to or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with applicable law. In particular, the University covenants that it will, at least thirty (30) days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statements as shall, in the Opinion of Counsel, be necessary to continue the security interest created under the Master Indenture pursuant to applicable law and shall provide to the Master Trustee written notice of such filing. If the Master Trustee shall not have received such notice at least twenty-five (25) days prior to the expiration date of any such financing statement, the Master Trustee shall prepare and file or cause the University to prepare and file such continuation statements in a timely manner to assure that the security interest in Gross Revenues shall remain perfected.

(v) The University covenants that it will not pledge or grant a security interest in (except for Permitted Liens or as may be otherwise provided in the Master Indenture) or lien on the Gross Revenues or the real property subject to the Mortgage.

(vi) Each Obligation shall be a general obligation of the University and the University covenants to promptly pay or cause to be paid the principal of, premium, if any, and interest on each Obligation issued pursuant to the Master Indenture at the place, on the dates and in the manner provided in the Master Indenture and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(vii) Upon the occurrence of an Event of Default which requires the funding of the Revenue Fund, the University by the Master Indenture covenants to take all action necessary to insure that all Gross Revenues are deposited into the Revenue Fund, including but not limited to, depositing directly all payments received and directing all debtors and payors of the University to make all payments due to the University to the Revenue Fund. The Revenue Fund shall be subject to the lien of the Master Indenture in favor of the Holders of all Obligations, as provided in Section 4.03(c) of the Master Indenture. The Master Trustee is authorized by the Master Indenture to take such self-help and other measures that a secured party is entitled to take under the UCC. Upon a cure or waiver of the Event of Default which requires the funding of the Revenue Fund, the Master Trustee shall transfer the amounts on deposit in the Revenue Fund to the University.

(Section 3.01)

Limitations on Creation of Liens

The University agrees that it will not create or suffer to be created or permit the existence of any Lien on the Property now owned or hereafter acquired by it other than Permitted Liens. Permitted Liens shall consist of the following:

(a) Liens arising by reason of good faith deposits in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(b) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the University to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(c) Any judgment lien against the University so long as such judgment is being contested in good faith and execution thereon is stayed;

(d) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (ii) any liens on the Mortgaged Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 90 days; and (iii) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Mortgaged Property which do not materially impair the use of such Mortgaged Property or materially and adversely affect the Appraised Value thereof.

(e) Any Lien which is existing on the date of authentication and delivery of the initial Obligation issued under the Master Indenture, which is set forth on Schedule A attached to the Master Indenture, as the same may be extended, renewed or modified, provided that such extension, renewal or modification shall not have a Material Adverse Effect;

(f) Any Lien securing Non Recourse Indebtedness;

(g) Any Lien on Property acquired by the University after the date of the Master Indenture if the indebtedness secured by the Lien is Additional Indebtedness permitted under the Master Indenture and if an Officer's Certificate is delivered to the Master Trustee certifying that (A) the Lien and the indebtedness secured thereby were created and incurred by a Person other the University, and (B) the Lien was not created for the purpose of enabling the University to avoid the limitations of the Master Indenture on creation of Liens on the Gross Revenues or Property;

(h) Any Lien on accounts receivable and the proceeds from the sale thereof securing Indebtedness or a Derivative Agreement, which conforms to the limitations on Additional Indebtedness contained in the Master Indenture;

(i) Any senior Lien with respect to Gross Revenues which secures Indebtedness that does not exceed in aggregate 10% of Total Operating Revenue as reflected in the most recent Audited Financial Statements;

Appendix E

- (j) Any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;
- (k) Any Lien in favor of a trustee or other agent on the proceeds of Indebtedness and any earnings thereon created by the irrevocable deposit of such monies for the purpose of refunding Indebtedness;
- (l) Any Lien securing all Obligations on a parity basis with respect to Gross Revenues and to the extent applicable, the Mortgage;
- (m) Liens on Property received by the University through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;
- (n) Liens arising out of capitalized leases or purchase money security interests (as defined under the UCC);
- (o) Liens on Mortgaged Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Mortgaged Property, provided that (i) the amount of such new Indebtedness does not exceed the amount of such refinanced Indebtedness, (ii) the Mortgaged Property securing such Indebtedness is not changed, and (iii) the obligor with respect to such Indebtedness, whether direct or contingent, is not changed;
- (p) Liens created on amounts deposited by the University pursuant to a security annex or similar document to collateralize obligations of the University under a Derivative Agreement;
- (q) Liens in favor of banking or other depository institutions arising as a matter of law encumbering the deposits of the University held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' lien;
- (r) Uniform Commercial Code financing statements filed with the Secretary of State of the State (or such other office maintaining such records) in connection with a lease entered into by the University in the ordinary course of business so long as such financing statement does not evidence the grant of a Lien other than a Permitted Lien;
- (s) Rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by the University so long as the lease arrangement is in the ordinary course of business of the University;
- (t) Deposits of Property by the University to meet regulatory requirements, including but not limited to regulatory requirements imposed by the United States Department of Education or relating governmental workers' compensation, unemployment insurance or social security program, other than any Lien imposed by ERISA;
- (u) Deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of the University;
- (v) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of the University (other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);
- (w) Present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment;
- (x) Any Lien existing for not more than 60 days after the University shall have received notice thereof;

- (y) The Mortgage; and
- (z) Any other Lien or other matters that will not have a Material Adverse Effect.

(Section 3.05)

Transfers of Property

The University agrees that it will not Transfer Property in any Fiscal Year (or other 12-month period for which Audited Financial Statements are available) except for Transfers of Property:

(i) To any Person provided such Property has or within the next succeeding twenty-four (24) calendar months is reasonably expected by the University to become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not materially impair the structural soundness, efficiency or economic value of the remaining Property; provided, however, that clause (i) of Section 3.06(a), summarized in this clause (i), does not permit transfers of the Mortgaged Property other than the machinery, equipment, or other personal property which are a part thereof.

(ii) To any Person provided there shall be delivered to the Master Trustee prior to such Transfer an Officer's Certificate certifying that: (A) the University shall have been in compliance with the Debt Service Coverage Ratio set forth in any Supplement for the most recent Fiscal Year for which there are Audited Financial Statements available, and shall be in compliance with the Debt Service Coverage Ratio for such Fiscal Year when such Ratio is calculated on a pro forma basis excluding the revenues derived from and expenses associated with the Property to be Transferred, which Officer's Certificate shall include the calculation upon which such certification is based, and (B) the University is not in default in the performance of any covenant contained in the Master Indenture or in any Supplement; provided, however, that clause (ii) of Section 3.06(a), summarized in this clause (ii), does not permit transfers of the Mortgaged Property.

(iii) To any Person if the aggregate value of the Property Transferred pursuant to subsection (iii) of Section 3.06 of the Master Indenture, as summarized herein, net of depreciation, in the current Fiscal Year does not exceed 10% of the value of all Property of the University, net of depreciation, as shown in the Audited Financial Statements for the most recent Fiscal Year; provided, however, that clause (iii) of Section 3.06(a), summarized in this clause (iii), does not permit transfers of the Mortgaged Property.

(iv) To any Person if the Property Transferred pursuant to subsection (iv) of Section 3.06 of the Master Indenture, as summarized herein, was transferred at fair and reasonable terms, no less favorable to the University, which could have been attained in a comparable arms-length transaction; provided, however, if the Property Transferred pursuant to clause (iv) of Section 3.06(a), summarized in this clause (iv), is all or a portion of the Pleasantville Campus or the machinery, equipment or other personal property located on One Pace Plaza, the University shall also be required to deliver to the Master Trustee an Officer's Certificate stating that the University has received fair market value for the Mortgaged Property so Transferred accompanied by a fair market valuation relating to the Property to be Transferred; provided, further, that in no event shall this clause (iv) permit the University to Transfer any portion of One Pace Plaza other than the machinery, equipment or other personal property which are a part thereof.

No Transfer of Property shall be permitted under Section 3.06 of the Master Indenture, as summarized herein under the caption "Transfers of Property", if such Transfer would have a Material Adverse Effect.

Nothing contained in Section 3.06 of the Master Indenture is intended to prohibit the Transfer of Property, including cash, for payment of goods and services in the ordinary course of business.

(Section 3.06)

Appendix E

Consolidation, Merger, Sale or Conveyance

(a) The University covenants that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any other Person unless:

(i) Either the University will be the successor corporation, or if the successor corporation is not the University, such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor corporation to assume the due and punctual payment of the principal of, premium, if any, and interest on all Outstanding Obligations issued under the Master Indenture according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Master Indenture and any Supplement to the Master Indenture; and

(ii) The University immediately after such merger or consolidation, or such sale or conveyance, would not be in default in the performance or observance of any covenant or condition of the Master Indenture; and

(iii) If all amounts due or to become due on any Related Bond which bears interest which is not includable in the gross income of the recipient thereof under the Code have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee and each Related Bond Issuer an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Related Bond, would not adversely affect the exclusion of interest payable on such Related Bond from the gross income of the holder thereof for purposes of federal income taxation; and

(iv) There is delivered to the Master Trustee an Officer's Certificate demonstrating that if such merger, consolidation or sale of assets had occurred at the end of the most recent period of twelve (12) full consecutive calendar months for which Audited Financial Statements are available (which period of twelve (12) full consecutive months shall have ended not more than eighteen calendar months prior to the date of the Officer's Certificate), the then applicable Debt Service Coverage Ratio taking into account all Long-Term Indebtedness incurred after such period plus an additional one dollar (\$1.00) of Additional Indebtedness, shall be satisfied.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor as the University. Such successor corporation thereupon may cause to be signed, and may issue in its own name Obligations issuable under the Master Indenture; and upon the order of such successor corporation and subject to all the terms, conditions and limitations in the Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation under the Master Indenture shall in all respects have the same security position and benefit under the Master Indenture as Outstanding Obligations theretofore or thereafter issued in accordance with the terms of the Master Indenture as though all of such Obligations had been issued under the Master Indenture without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued under the Master Indenture as may be appropriate.

(d) In the event that the Officer's Certificate described in subparagraph (a)(iv) of Section 3.07 of the Master Indenture, as summarized herein above, has been delivered, the Master Trustee may accept an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of Section 3.07 of the Master Indenture and that it is proper for the Master Trustee under the provisions of Article VI and of Section 3.07 of the Master Indenture to join in the execution of any instrument required to be executed and delivered by Section 3.07 of the Master Indenture.

(e) All references in the Master Indenture to successor corporations shall be deemed to include the surviving corporation in a merger.

(Section 3.07)

Permitted Releases and Permitted Modifications with Respect to the Mortgage

(a) The Mortgage has been assigned or granted to the Master Trustee as additional security for Obligations issued and to be issued under the Master Indenture to the extent that such Obligations are secured by the Mortgaged Property. The University covenants that except for Permitted Releases described in paragraph (b) of Section 3.09, the University shall not release or allow the release of any of the real estate portion of the Mortgaged Property encumbered by the Mortgage from the Lien of such Mortgage. The University also covenants that, except for Permitted Modifications described in paragraph (c) of Section 3.09, summarized below, the University shall not modify or amend the Mortgage.

(b) Permitted Releases shall include only the following:

(i) a release made with respect to the Mortgaged Property as permitted under Section 3.06 of the Master Indenture, summarized above under the caption “Transfers of Property”; or

(ii) a sale and leaseback with respect to machinery, equipment, fixtures or other personal property located on the Pleasantville Campus portion of the Mortgaged Property; provided, that such sale and leaseback will not have a Material Adverse Effect.

(c) Permitted Modifications shall include only the following:

(i) a modification or amendment to a Mortgage to cure any ambiguity or formal defect or omission therein; or

(ii) a modification or amendment to a Mortgage to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other modifications or amendments with respect to matters or questions arising under such Mortgage which shall not have a Material Adverse Effect; or

(iii) a modification or amendment to a Mortgage to grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon the Holders; or

(iv) a modification or amendment to a Mortgage to make any necessary or appropriate changes to reflect the issuance of additional Obligations in accordance with the provisions of Article II of the Master Indenture or the granting of a Permitted Lien under the Master Indenture; or

(v) a modification or amendment to a Mortgage, or a consent with respect thereto, to implement any necessary or appropriate changes to reflect matters relating to zoning, land use, environmental and other real property laws, ordinances, rules or regulations that in substance do not alter the security provided pursuant to such Mortgage or that shall not have a Material Adverse Effect; or

(vi) a modification or amendment to a Mortgage covering a portion of the Mortgaged Property so long as such modification or amendment will not have a Material Adverse Effect.

(d) The Master Trustee, at the direction of the University as set forth in an Officer’s Certificate, shall cooperate with the University and execute any and all documents or instruments in order to promptly implement any such Permitted Release or Permitted Modification.

(Section 3.09)

Appendix E

Events of Default

Event of Default, as used in the Master Indenture, shall mean any of the following events:

(a) The University shall fail to make any payment of the principal of, the premium, if any, or interest on any Obligations issued and Outstanding under the Master Indenture when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, of the Master Indenture or of any Supplement;

(b) The University shall fail duly to perform, observe or comply with any covenant or agreement on its part under the Master Indenture for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the University by the Master Trustee, or to the University and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Obligations then Outstanding; provided, however, that if said failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected;

(c) An event of default shall occur under a Related Bond Indenture, under a Related Loan Agreement, upon a Related Bond or under a Mortgage;

(d) (i) The University shall fail to make any required payment with respect to any Indebtedness (other than Obligations issued and Outstanding under the Indenture), which Indebtedness is in an aggregate principal amount greater than \$25,000,000 whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or (ii) there shall occur an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, which Indebtedness is in an aggregate principal amount greater than \$25,000,000 whether such Indebtedness now exists or shall hereafter be created, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated; provided, however, that such default shall not constitute an Event of Default within the meaning of Section 4.01 of the Master Indenture, summarized herein under the caption "Events of Default", if within 30 days written notice is delivered to the Master Trustee, signed by the University, that the University is contesting the payment of such Indebtedness and within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, the University in good faith shall commence proceedings to contest the obligation to pay such Indebtedness and if a judgment relating to such Indebtedness has been entered against the University (A) the execution of such judgment has been stayed or (B) sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness;

(e) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against the University, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the University under the United States Bankruptcy Code or any other similar applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of the University or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days; and

(f) The institution by the University of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of the University or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

(Section 4.01)

Acceleration; Annulment of Acceleration

Upon the occurrence and during the continuation of an Event of Default under the Master Indenture, the Master Trustee may and, upon the written request of the Holders of not less than 25% in aggregate principal amount of Obligations Outstanding, shall, by notice to the University declare all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, anything in the Obligations or in any other Section of the Master Indenture to the contrary notwithstanding. In the event Obligations are accelerated there shall be due and payable on such Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued thereon to the date of acceleration and, to the extent permitted by applicable law, which accrues to the date of payment.

At any time after the principal of the Obligations 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, if (i) the University has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other than the principal then due only because of such declaration) of all Obligations Outstanding; (ii) the University has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees and liabilities of the Master Trustee; (iii) all other amounts then payable by the University under the Master Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Obligations then due only because of such declaration) shall have been remedied or waived pursuant to Section 4.09 of the Master Indenture, as summarized herein under the caption "Waiver of Event of Default", then the Master Trustee may, and upon the written request of Holders of not less than 25% in aggregate principal amount of the Obligations Outstanding shall, annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

(Section 4.02)

Application of Moneys After Default

During the continuance of an Event of Default, subject to the expenditure of moneys to make any payments required to permit the University to comply with any requirement or covenant in any Related Bond Indenture to cause Related Bonds the interest on which, immediately prior to such Event of Default, is excludable from the gross income of the recipients thereof for federal income tax purposes under the Code to retain such status under the Code, all Gross Revenues and other moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of Article IV of the Master Indenture shall be applied, (i) after the payment of any compensation, expenses, disbursements and advances then owing to the Master Trustee pursuant to Section 5.05 of the Master Indenture and (ii) in the sole discretion of the Master Trustee (provided, however, that in exercising such discretion the Master Trustee may rely upon the report of a Consultant), the payment of the operating expenses of the University, as then as follows:

(a) Unless the principal of all Outstanding Obligations shall have become or have been declared due and payable:

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

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the Persons entitled thereto, without any discrimination or preference; and

Appendix E

Third: To the extent there exists a Facility Provider of any Obligations or Related Bonds, amounts owed to such Facility Provider by the University and not otherwise paid under clauses First and Second of Section 4.04(a) of the Master Indenture, as summarized above.

(b) If the principal of all Outstanding Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal of all Outstanding Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of Article IV of the Master Indenture, then, subject to the provisions of paragraph (b) of Section 4.04 of the Master Indenture, as summarized above, in the event that the principal of all Outstanding Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of Section 4.04 of the Master Indenture, as summarized above.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of Section 4.04, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Moneys held in the Revenue Fund shall be invested in such investments, as are rated in at least the two highest rating categories by a Nationally Recognized Rating Agency which mature or are redeemable at the option of the holder not later than such times as shall be required to provide moneys needed to make the payments or transfers therefrom. Subject to the foregoing, such investments shall be made in accordance with an Officer's Certificate directing the Master Trustee to make specific investments. Unless otherwise provided in the Master Indenture, the Master Trustee shall sell or present for redemption, any investment so acquired whenever instructed to do so pursuant to an Officer's Certificate or whenever it shall be necessary to do so to provide moneys to make payments or transfers from the Revenue Fund. The Master Trustee shall not be liable or responsible for making any such investment in the manner provided above and shall not be liable for any loss resulting from any such investment. Any investment income derived from any investment of moneys on deposit in the Revenue Fund shall be credited to the Revenue Fund and retained therein until applied to approved purposes.

Whenever all Obligations and interest thereon have been paid under the provisions of Section 4.04 of the Master Indenture and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the University, their respective successors, or as a court of competent jurisdiction may direct.

(Section 4.04)

Waiver of Event of Default

No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by Article IV to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Master Indenture, or before the completion of the enforcement of any other remedy under the Master Indenture.

Notwithstanding anything contained in the Master Indenture to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, shall waive any Event of Default under the Master Indenture and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02 of the Master Indenture, as summarized above under the caption “Acceleration; Annulment of Acceleration”, a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Obligations (with respect to which such payment default exists) at the time Outstanding.

In case of any waiver by the Master Trustee of an Event of Default under the Master Indenture, the University, the Master Trustee and the Holders shall be restored to their former positions and rights under the Master Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

(Section 4.09)

Certain Duties and Responsibilities of the Master Trustee

(a) Except during the continuance of an Event of Default:

(i) The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Master Indenture, and no implied covenants or obligations shall be read into the Master Indenture against the Master Trustee; and

(ii) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of the Master Indenture; but in the case of any such certificates or opinions which by any provision of the Master Indenture are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Master Indenture.

(b) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by the Master Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of the Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) subsection (c) of Section 5.01 of the Master Indenture, as summarized herein, shall not be construed to limit the effect of subsection (a) of Section 5.01 of the Master Indenture, as summarized above;

(ii) the Master Trustee shall not be liable for any error of judgment made reasonably in good faith by a chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice president (however designated), the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer or employee of the Master Trustee customarily performing functions similar to those performed by any of the above designated officers or with respect to a particular matter, any other officer or employee to whom such matter is referred because of his knowledge of and familiarity with the particular subject, unless it shall be proved that the Master Trustee was negligent in ascertaining the pertinent facts;

Appendix E

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Obligations relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under the Master Indenture, except under the circumstances set forth in subsection (c) of Section 4.09 of the Master Indenture requiring the consent of the Holders of all the Obligations at the time Outstanding; and

(iv) no provision of the Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial or other liability, directly or indirectly, in the performance of any of its duties under the Master Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Whether or not therein expressly so provided, every provision of the Master Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of Section 5.01 of the Master Indenture, as summarized herein under the caption “Certain Duties and Responsibilities of the Master Trustee”.

(Section 5.01)

Separate or Co-Master Trustee

At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of at least 25% in aggregate principal amount of Obligations Outstanding, shall appoint, one or more Persons approved by the Master Trustee either to act as co-trustee or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of Section 5.07 of the Master Indenture.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of the Master Indenture. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Master Trustee its or his attorney-in-fact and agent, with full power and authority to perform all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner provided in the Master Indenture.

(Section 5.07)

Supplements Not Requiring Consent of Holders

The University and the Master Trustee may, without the consent of the Holders enter into one or more Supplements for one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Master Indenture.
- (b) To correct or supplement any provision in the Master Indenture which may be inconsistent with any other provision in the Master Indenture, or to make any other provisions with respect to

matters or questions arising under the Master Indenture and which shall not materially and adversely affect the interests of the Holders.

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them subject to the provisions of Section 6.02(a) of the Master Indenture.

(d) To qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(e) To create and provide for the issuance of Indebtedness as permitted under the Master Indenture.

(f) To obligate a successor to the University as provided in Section 3.07.

(g) To comply with the provisions of any federal or state securities law.

(h) To modify, amend or supplement the Master Indenture in any manner that the Master Trustee concludes is not materially adverse to any Holder of an Outstanding Obligation.

The Master Trustee shall provide the Holders of all Obligations then Outstanding with copies of each Supplement entered into pursuant to Section 6.01 of the Master Indenture.

(Section 6.01)

Supplements Requiring Consent of Holders

Other than Supplements referred to in Section 6.01 of the Master Indenture, as summarized under the caption “Supplements Not Requiring Consent of Holders”, and subject to the terms and provisions and limitations contained in Article VI of the Master Indenture and not otherwise, the Holders of more than 50% in aggregate principal amount of Obligations then Outstanding shall have the right, from time to time, anything contained in the Master Indenture to the contrary notwithstanding, to consent to and approve the execution by the University and the Master Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture; provided, however, nothing in Section 6.02 of the Master Indenture shall permit or be construed as permitting a Supplement which would:

(i) Effect a change in the times, amounts or currency of payment of the principal of, premium, if any, and interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation;

(ii) Except as otherwise permitted in the Master Indenture, permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or

(iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding.

If at any time the University shall request the Master Trustee to enter into a Supplement pursuant to Section 6.02 of the Master Indenture, and if the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) of Section 6.02 for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee

Appendix E

may execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signer of such revocation in the manner permitted by Section 8.01 of the Master Indenture, as summarized herein under the caption "Evidence of Acts of Holders". At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Master Trustee shall make and file with the University a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as provided in the Master Indenture, no Holder shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the University from executing the same or from taking any action pursuant to the provisions thereof.

(Section 6.02)

Satisfaction and Discharge of Indenture

If (i) the University shall deliver, or cause to be delivered, to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and not theretofore cancelled, or (ii) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and money sufficient to pay the same shall have been deposited with the Master Trustee, or (iii) all Obligations that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the University shall also pay or cause to be paid all other sums payable under the Master Indenture by the University or any thereof, then the Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the University and at the cost and expense of the University, shall execute proper instruments acknowledging satisfaction of and discharging the Master Indenture. The University, respectively, agrees by the Master Indenture to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with the Master Indenture or such Obligations.

(Section 7.01)

Evidence of Acts of Holders

(a) In the event that any request, direction or consent is requested or permitted under the Master Indenture of the Holders of any Obligation securing an issue of Related Bonds, the bond trustees for the Related Bonds (unless otherwise provided in the indenture or resolution authorizing such Related Bonds) then outstanding shall be deemed to be such Holders for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of such series of Related Bonds then outstanding under each such indenture or resolution authorizing such Related Bonds bears to the aggregate principal amount of all Related Bonds then outstanding; provided however that if any portion of such Related Bonds is secured by a Liquidity Facility that is also secured by a separate Obligation issued under the Master Indenture, the principal amount of the Obligation that secures the Liquidity Facility deemed outstanding for purposes of any such request, direction or consent shall be reduced by the amount of Related Bonds that are secured by such Liquidity Facility for the purpose of any such request, direction or consent and the Facility Provider of the Related Bonds that are secured by such Liquidity Facility shall not be consulted or counted.

(b) As to any request, direction, consent or other instrument provided by the Master Indenture to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes of the Master Indenture and shall be conclusive in favor of the Master Trustee and the University, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained pursuant to the Related Bond Indenture.

(d) Nothing in the Section 8.01, as summarized herein under the caption “Evidence of Acts of Holders”, shall be construed as limiting the Master Trustee to the proof specified in the Master Indenture, it being intended that the Master Trustee may accept any other evidence of the matters stated in the Master Indenture which it may deem sufficient.

(e) Any action taken or suffered by the Master Trustee pursuant to any provision of the Master Indenture upon the request or with the assent of any person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

(f) In the event that any request, direction or consent is requested or permitted under the Master Indenture of the Holders of an Obligation that constitutes a Guaranty, for purposes of any such request, direction or consent, the principal amount of such Obligation shall be deemed to be the stated principal amount of such Obligation.

(Section 8.01)

Instruments Executed by Holders Bind Future Holders

At any time prior to (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.01 of the Master Indenture, as summarized above under the caption “Evidence of Acts of Holders”, of the taking of any action by the Holders of the percentage in aggregate principal amount of Obligations specified in the Master Indenture in connection with such action, any Holder of such an Obligation or Related Bond that is shown by such evidence to be included in Obligations the Holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in Section 8.01, as summarized above under the caption “Evidence of Acts of Holders”, revoke such action so far as concerns such Obligation or Related Bond. Except upon such revocation any such action taken by the Holder of an Obligation or Related Bond in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Obligation or Related Bond which by any provision of the Master Indenture is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Obligation or Related Bond, and of any Obligation or Related Bond issued in lieu thereof, whether or not any notation in regard thereto is made upon such Obligation or Related Bond. Any action taken by the Holders of the percentage in aggregate principal amount of Obligations specified in the Master Indenture in connection with such action shall be conclusively binding upon the University, the Master Trustee and the Holders of all of such Obligations or Related Bonds.

(Section 8.03)

Appendix E

SUPPLEMENTAL INDENTURE FOR OBLIGATION NO. 1

Mortgage

To secure, among other things, the prompt payment of the principal of and the interest on Obligation No. 1 and each Obligation issued hereafter under the Master Indenture to the extent provided in the Supplement authorizing the issuance of such Obligation, the Mortgage has been granted to the Master Trustee. The Mortgage shall be held in trust for the holders from time to time of all Obligations secured thereby issued and Outstanding under the Supplement No. 1, without preference or priority of any one such Obligation over any other such Obligation, with all proceeds realized from such security to be applied, proportionally and ratably to all such Obligations issued thereunder and secured thereby. The Master Trustee may modify, release or grant a parity interest in the lien of the Mortgage subject to the provisions of the Master Indenture; provided, however, that no release of Mortgaged Property shall occur without the prior written consent of the Authority.

(Section 3)

Payments on Obligation No. 1; Credits

(a) Payments on Obligation No. 1 are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. Except as provided in subsections (b) and (c) of Section 4 of the Supplement No. 1, summarized below, with respect to credits, payments on Obligation No. 1 shall be made at the times and in the amounts specified in Obligation No. 1 in immediately available funds by the University depositing the same with or to the account of the Bond Trustee on or prior to the day such payments shall become due or payable (or the next preceding Business Day (as defined in the Related Bond Indenture) if such date is not a Business Day) and giving notice to the Master Trustee of each payment on Obligation No. 1, specifying the amount paid and identifying such payment as a payment on Obligation No. 1. In no event shall payments made from a debt service reserve fund on Related Bonds, except to the extent such payment may be made to redeem all outstanding Related Bonds in accordance with the terms of the Related Bond Indenture, be treated as credits under subsections (b) and (c) for payment of Obligation No. 1.

(b) The University shall receive credit for payment on Obligation No. 1, in addition to any credits resulting from payment or prepayment from other sources, for payments made directly to the Bond Trustee by the University pursuant to Obligation No. 1.

(c) The University shall receive credit for payment on Obligation No. 1, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(i) On installments of interest on Obligation No. 1 in an amount equal to moneys deposited in the Debt Service Fund created under the Related Bond Indenture which amounts are available to pay interest on the Series 2013A Authority Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 1.

(ii) On installments of principal on Obligation No. 1 in an amount equal to moneys deposited in the Debt Service Fund created under the Related Bond Indenture which amounts are available to pay principal of the Series 2013A Authority Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 1.

(iii) On installments of principal of and interest on Obligation No. 1 in an amount equal to the principal amount of Series 2013A Authority Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts in cash are on deposit in the Debt Service Fund created under the Related Bond Indenture to the extent such amounts have not been previously credited against payments on Obligation No. 1, and interest on such Series 2013A Authority Bonds from and after the date fixed for redemption thereof. Such credits shall be made against the installments of principal of and interest on Obligation No. 1, and interest on such Series 2013A Authority Bonds from and after the date fixed for redemption thereof. Such credits shall be made against the installments of principal of and interest on Obligation

No. 1 which would be due, but for such call for redemption, to pay principal of and interest on such Series 2013A Authority Bonds when due at maturity.

(iv) On installments of principal of and interest, respectively, on Obligation No. 1 in an amount equal to the principal amount of Series 2013A Authority Bonds acquired by the University and delivered to the Bond Trustee and cancelled. Such credits shall be made against the installments of principal of and interest on Obligation No. 1 which would be due, but for such cancellation, to pay principal of and interest on Series 2013A Authority Bonds at maturity.

(Section 4)

Prepayment of Obligation No. 1

So long as all amounts which have become due under Obligation No. 1 have been paid, the University may from time to time pay in advance all or part of the amounts to become due under Obligation No. 1. Prepayment may be made by payments of cash and/or surrender of Series 2013A Authority Bonds, as contemplated by Section 4 of the Supplement No. 1. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Series 2013A Authority Bonds) shall, upon receipt, be deposited with the Bond Trustee in the Debt Service Fund and, at the request of an Authorized Representative, used for the redemption or purchase of Outstanding Series 2013A Authority Bonds in the manner and subject to the terms and conditions set forth in the Related Bond Indenture. Notwithstanding any such prepayment or surrender of Series 2013A Authority Bonds, as long as any Series 2013A Authority Bonds remain Outstanding or any additional payments required to be made under the Supplement No. 1 remain unpaid, the University shall not be relieved of its obligations under the Supplement No. 1.

Prepayments made under subsection (a) of Section 5 of the Supplement No. 1, as summarized above, shall be credited against amounts to become due on Obligation No. 1 as provided in Section 4 of the Supplement No. 1, as summarized above under the caption "Payments on Obligation No. 1; Credits".

The University may also prepay all of its Indebtedness under Obligation No. 1 by providing for the payment of Series 2013A Authority Bonds in accordance with Article 4 of the Related Bond Indenture.

(Section 5)

Right to Redeem

Obligation No. 1 shall be subject to redemption, in whole or in part, prior to the maturity, in an amount equal to the principal amount of any Series 2013A Authority Bond (i) called for redemption pursuant to the Related Bond Indenture or (ii) purchased for cancellation by the Bond Registrar. Obligation No. 1 shall be subject to redemption on the date any Series 2013A Authority Bond shall be so redeemed or purchased, and in the manner provided in the Supplement No. 1.

(Section 9)

Partial Redemption of Obligation No. 1

Upon the call for redemption, and the surrender of, Obligation No. 1 for redemption in part only, the University shall cause to be executed and the Master Trustee shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the University, a new Obligation No. 1 in principal amount equal to the unredeemed portion of Obligation No. 1, which old Obligation No. 1 so surrendered to the Master Trustee pursuant to Section 10 of the Supplement No. 1, summarized herein, shall be cancelled by it and delivered to, or upon the order of, the University.

The University may agree with the Holder of Obligation No. 1 that such Holder may, in lieu of surrendering Obligation No. 1 for a new fully registered Obligation No. 1, endorse on Obligation No. 1 a notice of

Appendix E

such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 1 and the University and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 1 by the owner thereof and irrespective of any error or omission in such endorsement.

(Section 10)

Effect of Call for Redemption

On the date designated for redemption of the Series 2013A Authority Bonds, Obligation No. 1 shall become and be due and payable in an amount equal to the redemption or purchase price to be paid on the Series 2013A Authority Bonds on such date. If on the date fixed for redemption of Obligation No. 1 moneys for payment of the redemption or purchase price and accrued interest on the Series 2013A Authority Bonds are held by the Bond Trustee, interest on Obligation No. 1 shall cease to accrue and said Obligation No. 1 shall cease to be entitled to any benefit or security under the Master Indenture to the extent of said redemption and the amount of Obligation No. 1 so called for redemption shall be deemed paid and no longer Outstanding.

(Section 11)

Discharge of Supplement

Upon payment by the University of a sum, in cash or Defeasance Securities (as defined in the Related Bond Indenture), or both, sufficient, together with any other cash and Defeasance Securities held by the Bond Trustee and available for such purpose, to cause all Outstanding Series 2013A Authority Bonds to be deemed to have been paid within the meaning of Section 12.01 of the Related Bond Indenture and to pay all other amounts referred to in Section 12.01 of the Related Bond Indenture, accrued and to be accrued to the date of discharge of the Related Bond Indenture, Obligation No. 1 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture and the Supplement No. 1 shall be discharged.

(Section 12)

Supplements to Master Indenture relating to Series 2013A Authority Bonds

(a) For so long as any of the Series 2013A Authority Bonds remain Outstanding, the Master Indenture is supplemented by the Supplement No. 1 with a new Section 3.11 of the Master Indenture as follows:

Section 3.11 Limitations on Indebtedness. The University covenants and agrees that it will not incur any Additional Indebtedness if, after giving effect to all other Indebtedness incurred by the University, such Indebtedness could not be incurred pursuant to any one of subsections (a) through (g), inclusive, of this Section 3.11. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such subsections. For purposes of this Section 3.11, the Debt Service Coverage Ratio shall be calculated as the ratio determined by dividing Operating Income Available for Debt Service by Maximum Annual Debt Service.

(a) Long-Term Indebtedness may be incurred if prior to incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee and the Authority:

(i) An Officer's Certificate certifying that the Debt Service Coverage Ratio for the most recent Fiscal Year for which there are Audited Financial Statements available taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 1.10, or

(ii) An Officer's Certificate demonstrating that the Debt Service Coverage Ratio for the period mentioned in subsection (a)(i) of this Section 3.11, excluding the proposed Long-Term Indebtedness, is (A) at

least 1.10 and (B) a written report of a Consultant demonstrating that the forecasted Debt Service Coverage Ratio is not less than 1.20 for (1) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years succeeding the date on which such capital improvements are forecasted to be in operation or (2) in the case of Long-Term Indebtedness not financing capital improvements or in the case of a Guaranty, each of the two full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the University for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma financial statements are based, or

(iii) Evidence that the existing Long-Term Indebtedness then outstanding (excluding Non-Recourse Debt or Subordinate Debt), including the Long-Term Indebtedness proposed to be issued, is rated at least BBB-/Baa3 from at least one Nationally Recognized Rating Agency.

(b) Refunding Debt may be incurred if, prior to the incurrence of such Long Term Indebtedness, there is delivered to the Master Trustee an Officer's Certificate demonstrating that Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof.

(c) Short-Term Indebtedness may be incurred by the University at any time; provided however, that there shall be a period of at least fifteen (15) consecutive calendar days during each Fiscal Year during which no Short-Term Indebtedness shall be outstanding. For purposes of this Section 3.11(c), Short-Term Indebtedness shall include any Guaranty of Short-Term Indebtedness.

(d) Non-Recourse Indebtedness may be incurred without limit.

(e) Subordinated Debt may be incurred without limit.

(f) Short-Term Indebtedness secured by accounts receivable may be incurred within the limitations imposed on the pledge or sale of accounts receivable by the last paragraph of this Section 3.11.

(g) Indebtedness may be incurred in an amount limited to the cost of completion for the purpose of financing the completion of the acquisition or construction of a Capital Addition with respect to which Indebtedness has theretofore been incurred, provided there shall be delivered to the Master Trustee an Officer's Certificate to the effect that (a) the University did reasonably expect at the time the initial Indebtedness was incurred that the proceeds of such Indebtedness, together with other available funds, would be sufficient to complete the Capital Addition, and (b) such additional Indebtedness is expected to be sufficient to complete the Capital Addition.

Accounts receivable of the University may be sold, pledged, assigned or otherwise disposed or encumbered in accordance with the Supplement No. 1 in an aggregate amount not exceeding 50% of the three month average outstanding accounts receivable of the University that are ninety days old or less as calculated in accordance with generally accepted accounting principles. The three month average shall be calculated based on the month end available balances for the three (3) full calendar months immediately preceding the date on which such accounts receivable are sold, pledged, assigned or otherwise disposed or encumbered.

(b) For so long as any of the Series 2013A Authority Bonds remain Outstanding, the Master Indenture is supplemented by the Supplement No. 1 with a new Section 3.12 of the Master Indenture as follows:

Section 3.12 Debt Service Coverage Ratio.

(a) The University covenants to maintain a Debt Service Coverage Ratio, calculated at the end of each Fiscal Year, of not less than 1.10 and shall annually, not later than 150 days after the end of each Fiscal Year, deliver to the Master Trustee and the Authority, an Officer's Certificate stating whether or not the University is in compliance with this covenant and shall include the calculation of the Debt Service Coverage Ratio on which the statement is based.

Appendix E

(b) If as of the end of two consecutive Fiscal Years the Debt Service Coverage Ratio is less than 1.10, the University covenants to retain a Consultant within thirty (30) days of the delivery of the aforementioned Audited Financial Statements to make recommendations to increase such Debt Service Coverage Ratio in the following Fiscal Year to the level required or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest level attainable. Any Consultant so retained shall be required to submit such recommendations within ninety (90) days after being so retained. The University agrees that it will, to the extent permitted by Governmental Restrictions, follow the recommendations of the Consultant. So long as a Consultant shall be retained and the University shall follow such Consultant's recommendations to the extent permitted by Governmental Restrictions, this Section 3.12 shall be deemed to have been complied with even if the Debt Service Coverage Ratio for the following Fiscal Year is below the required level; provided, however, that the University shall not be required to retain a Consultant to make recommendations pursuant to this subsection (b) more frequently than biennially.

(c) Notwithstanding subsections (a) and (b) of this Section 3.12, the University covenants that in no event shall the Debt Service Coverage Ratio be less than 1.00 on any Calculation Date. It shall be an Event of Default under the Master Indenture if the Debt Service Coverage Ratio is less than 1.00 as of any Calculation Date.

(c) For so long as any of the Series 2013A Authority Bonds remain Outstanding, the Master Indenture is supplemented by the Supplement No. 1 with a new Section 3.06(d) of the Master Indenture as follows:

(d) No Transfer of Mortgaged Property shall be permitted under this Section 3.06 without the prior written consent of the Authority; provided, however, that the prior written consent of the Authority shall not be required for any Transfer of machinery, equipment, fixtures or other personal property located on the Pleasantville Campus or machinery, equipment or other personal property located on One Pace Plaza so long as such Transfer does not have a Material Adverse Effect.

(Section 18)

SUPPLEMENTAL INDENTURE FOR OBLIGATION NO. 2

Mortgage

To secure, among other things, the prompt payment of the principal of and the interest on Obligation No. 2 and each Obligation issued hereafter under the Master Indenture to the extent provided in the Supplement authorizing the issuance of such Obligation, the Mortgage has been granted to the Master Trustee. The Mortgage shall be held in trust for the holders from time to time of all Obligations secured thereby issued and Outstanding under the Supplement No. 2, without preference or priority of any one such Obligation over any other such Obligation, with all proceeds realized from such security to be applied, proportionally and ratably to all such Obligations issued thereunder and secured thereby. The Master Trustee may modify, release or grant a parity interest in the lien of the Mortgage subject to the provisions of the Master Indenture; provided, however, that no release of Mortgaged Property shall occur without the prior written consent of the Authority.

(Section 3)

Payments on Obligation No. 2; Credits

(a) Payments on Obligation No. 2 are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. Except as provided in subsections (b) and (c) of Section 4 of the Supplement No. 2, summarized below, with respect to credits, payments on Obligation No. 2 shall be made at the times and in the amounts specified in Obligation No. 2 in immediately available funds by the University depositing the same with or to the account of the Bond Trustee on or prior to the day such payments shall become due or payable (or the next preceding Business Day (as defined in the Related Bond Indenture) if such date is not a Business Day) and giving notice to the Master Trustee of each payment on Obligation No. 2, specifying the amount paid and identifying such payment as a payment on Obligation No. 2. In

no event shall payments made from a debt service reserve fund on Related Bonds, except to the extent such payment may be made to redeem all outstanding Related Bonds in accordance with the terms of the Related Bond Indenture, be treated as credits under subsections (b) and (c) for payment of Obligation No. 2.

(c) The University shall receive credit for payment on Obligation No. 2, in addition to any credits resulting from payment or prepayment from other sources, for payments made directly to the Bond Trustee by the University pursuant to Obligation No. 2.

(c) The University shall receive credit for payment on Obligation No. 2, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(i) On installments of interest on Obligation No. 2 in an amount equal to moneys deposited in the Debt Service Fund created under the Related Bond Indenture which amounts are available to pay interest on the Series 2013B Authority Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 2.

(ii) On installments of principal on Obligation No. 2 in an amount equal to moneys deposited in the Debt Service Fund created under the Related Bond Indenture which amounts are available to pay principal of the Series 2013B Authority Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 2.

(iii) On installments of principal of and interest on Obligation No. 2 in an amount equal to the principal amount of Series 2013B Authority Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts in cash are on deposit in the Debt Service Fund created under the Related Bond Indenture to the extent such amounts have not been previously credited against payments on Obligation No. 2, and interest on such Series 2013B Authority Bonds from and after the date fixed for redemption thereof. Such credits shall be made against the installments of principal of and interest on Obligation No. 2, and interest on such Series 2013B Authority Bonds from and after the date fixed for redemption thereof. Such credits shall be made against the installments of principal of and interest on Obligation No. 2 which would be due, but for such call for redemption, to pay principal of and interest on such Series 2013B Authority Bonds when due at maturity.

(iv) On installments of principal of and interest, respectively, on Obligation No. 2 in an amount equal to the principal amount of Series 2013B Authority Bonds acquired by the University and delivered to the Bond Trustee and cancelled. Such credits shall be made against the installments of principal of and interest on Obligation No. 2 which would be due, but for such cancellation, to pay principal of and interest on Series 2013B Authority Bonds at maturity.

(Section 4)

Prepayment of Obligation No. 2

So long as all amounts which have become due under Obligation No. 2 have been paid, the University may from time to time pay in advance all or part of the amounts to become due under Obligation No. 2. Prepayment may be made by payments of cash and/or surrender of Series 2013B Authority Bonds, as contemplated by Section 4 of the Supplement No. 2. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Series 2013B Authority Bonds) shall, upon receipt, be deposited with the Bond Trustee in the Debt Service Fund and, at the request of an Authorized Representative, used for the redemption or purchase of Outstanding Series 2013B Authority Bonds in the manner and subject to the terms and conditions set forth in the Related Bond Indenture. Notwithstanding any such prepayment or surrender of Series 2013B Authority Bonds, as long as any Series 2013B Authority Bonds remain Outstanding or any additional payments required to be made under the Supplement No. 2 remain unpaid, the University shall not be relieved of its obligations under the Supplement No. 2.

Appendix E

Prepayments made under subsection (a) of Section 5 of the Supplement No. 2, as summarized above, shall be credited against amounts to become due on Obligation No. 2 as provided in Section 4 of the Supplement No. 2, as summarized above under the caption "Payments on Obligation No. 2; Credits".

The University may also prepay all of its Indebtedness under Obligation No. 2 by providing for the payment of Series 2013B Authority Bonds in accordance with Article 4 of the Related Bond Indenture.

(Section 5)

Right to Redeem

Obligation No. 2 shall be subject to redemption, in whole or in part, prior to the maturity, in an amount equal to the principal amount of any Series 2013B Authority Bond (i) called for redemption pursuant to the Related Bond Indenture or (ii) purchased for cancellation by the Bond Registrar. Obligation No. 2 shall be subject to redemption on the date any Series 2013B Authority Bond shall be so redeemed or purchased, and in the manner provided in the Supplement No. 2.

(Section 9)

Partial Redemption of Obligation No. 2

Upon the call for redemption, and the surrender of, Obligation No. 2 for redemption in part only, the University shall cause to be executed and the Master Trustee shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the University, a new Obligation No. 2 in principal amount equal to the unredeemed portion of Obligation No. 2, which old Obligation No. 2 so surrendered to the Master Trustee pursuant to Section 10 of the Supplement No. 2, summarized herein, shall be cancelled by it and delivered to, or upon the order of, the University.

The University may agree with the Holder of Obligation No. 2 that such Holder may, in lieu of surrendering Obligation No. 2 for a new fully registered Obligation No. 2, endorse on Obligation No. 2 a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 2 and the University and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 2 by the owner thereof and irrespective of any error or omission in such endorsement.

(Section 10)

Effect of Call for Redemption

On the date designated for redemption of the Series 2013B Authority Bonds, Obligation No. 2 shall become and be due and payable in an amount equal to the redemption or purchase price to be paid on the Series 2013B Authority Bonds on such date. If on the date fixed for redemption of Obligation No. 2 moneys for payment of the redemption or purchase price and accrued interest on the Series 2013B Authority Bonds are held by the Bond Trustee, interest on Obligation No. 2 shall cease to accrue and said Obligation No. 2 shall cease to be entitled to any benefit or security under the Master Indenture to the extent of said redemption and the amount of Obligation No. 2 so called for redemption shall be deemed paid and no longer Outstanding.

(Section 11)

Discharge of Supplement

Upon payment by the University of a sum, in cash or Defeasance Securities (as defined in the Related Bond Indenture), or both, sufficient, together with any other cash and Defeasance Securities held by the

Bond Trustee and available for such purpose, to cause all Outstanding Series 2013B Authority Bonds to be deemed to have been paid within the meaning of Section 12.01 of the Related Bond Indenture and to pay all other amounts referred to in Section 12.01 of the Related Bond Indenture, accrued and to be accrued to the date of discharge of the Related Bond Indenture, Obligation No. 2 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture and the Supplement No. 2 shall be discharged.

(Section 12)

Supplements to Master Indenture relating to Series 2013B Authority Bonds

(a) For so long as any of the Series 2013B Authority Bonds remain Outstanding, the Master Indenture is supplemented by the Supplement No. 2 with a new Section 3.11 of the Master Indenture as follows:

Section 3.11 Limitations on Indebtedness. The University covenants and agrees that it will not incur any Additional Indebtedness if, after giving effect to all other Indebtedness incurred by the University, such Indebtedness could not be incurred pursuant to any one of subsections (a) through (g), inclusive, of this Section 3.11. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such subsections. For purposes of this Section 3.11, the Debt Service Coverage Ratio shall be calculated as the ratio determined by dividing Operating Income Available for Debt Service by Maximum Annual Debt Service.

(a) Long-Term Indebtedness may be incurred if prior to incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee and the Authority:

(i) An Officer's Certificate certifying that the Debt Service Coverage Ratio for the most recent Fiscal Year for which there are Audited Financial Statements available taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 1.10, or

(ii) An Officer's Certificate demonstrating that the Debt Service Coverage Ratio for the period mentioned in subsection (a)(i) of this Section 3.11, excluding the proposed Long-Term Indebtedness, is (A) at least 1.10 and (B) a written report of a Consultant demonstrating that the forecasted Debt Service Coverage Ratio is not less than 1.20 for (1) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years succeeding the date on which such capital improvements are forecasted to be in operation or (2) in the case of Long-Term Indebtedness not financing capital improvements or in the case of a Guaranty, each of the two full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the University for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma financial statements are based, or

(iii) Evidence that the existing Long-Term Indebtedness then outstanding (excluding Non-Recourse Debt or Subordinate Debt), including the Long-Term Indebtedness proposed to be issued, is rated at least BBB-/Baa3 from at least one Nationally Recognized Rating Agency.

(b) Refunding Debt may be incurred if, prior to the incurrence of such Long Term Indebtedness, there is delivered to the Master Trustee an Officer's Certificate demonstrating that Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof.

(c) Short-Term Indebtedness may be incurred by the University at any time; provided however, that there shall be a period of at least fifteen (15) consecutive calendar days during each Fiscal Year during which no Short-Term Indebtedness shall be outstanding. For purposes of this Section 3.11(c), Short-Term Indebtedness shall include any Guaranty of Short-Term Indebtedness.

(d) Non-Recourse Indebtedness may be incurred without limit.

(e) Subordinated Debt may be incurred without limit.

Appendix E

(f) Short-Term Indebtedness secured by accounts receivable may be incurred within the limitations imposed on the pledge or sale of accounts receivable by the last paragraph of this Section 3.11.

(g) Indebtedness may be incurred in an amount limited to the cost of completion for the purpose of financing the completion of the acquisition or construction of a Capital Addition with respect to which Indebtedness has theretofore been incurred, provided there shall be delivered to the Master Trustee an Officer's Certificate to the effect that (a) the University did reasonably expect at the time the initial Indebtedness was incurred that the proceeds of such Indebtedness, together with other available funds, would be sufficient to complete the Capital Addition, and (b) such additional Indebtedness is expected to be sufficient to complete the Capital Addition.

Accounts receivable of the University may be sold, pledged, assigned or otherwise disposed or encumbered in accordance with the Supplement No. 2 in an aggregate amount not exceeding 50% of the three month average outstanding accounts receivable of the University that are ninety days old or less as calculated in accordance with generally accepted accounting principles. The three month average shall be calculated based on the month end available balances for the three (3) full calendar months immediately preceding the date on which such accounts receivable are sold, pledged, assigned or otherwise disposed or encumbered.

(b) For so long as any of the Series 2013B Authority Bonds remain Outstanding, the Master Indenture is supplemented by the Supplement No. 2 with a new Section 3.12 of the Master Indenture as follows:

Section 3.12 Debt Service Coverage Ratio.

(c) The University covenants to maintain a Debt Service Coverage Ratio, calculated at the end of each Fiscal Year, of not less than 1.10 and shall annually, not later than 150 days after the end of each Fiscal Year, deliver to the Master Trustee and the Authority, an Officer's Certificate stating whether or not the University is in compliance with this covenant and shall include the calculation of the Debt Service Coverage Ratio on which the statement is based.

(d) If as of the end of two consecutive Fiscal Years the Debt Service Coverage Ratio is less than 1.10, the University covenants to retain a Consultant within thirty (30) days of the delivery of the aforementioned Audited Financial Statements to make recommendations to increase such Debt Service Coverage Ratio in the following Fiscal Year to the level required or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest level attainable. Any Consultant so retained shall be required to submit such recommendations within ninety (90) days after being so retained. The University agrees that it will, to the extent permitted by Governmental Restrictions, follow the recommendations of the Consultant. So long as a Consultant shall be retained and the University shall follow such Consultant's recommendations to the extent permitted by Governmental Restrictions, this Section 3.12 shall be deemed to have been complied with even if the Debt Service Coverage Ratio for the following Fiscal Year is below the required level; provided, however, that the University shall not be required to retain a Consultant to make recommendations pursuant to this subsection (b) more frequently than biennially.

(c) Notwithstanding subsections (a) and (b) of this Section 3.12, the University covenants that in no event shall the Debt Service Coverage Ratio be less than 1.00 on any Calculation Date. It shall be an Event of Default under the Master Indenture if the Debt Service Coverage Ratio is less than 1.00 as of any Calculation Date.

(c) For so long as any of the Series 2013B Authority Bonds remain Outstanding, the Master Indenture is supplemented by the Supplement No. 2 with a new Section 3.06(d) of the Master Indenture as follows:

(d) No Transfer of Mortgaged Property shall be permitted under this Section 3.06 without the prior written consent of the Authority; provided, however, that the prior written consent of the Authority shall not be required for any Transfer of machinery, equipment, fixtures or other personal property located on the Pleasantville Campus or machinery, equipment or other personal property located on One Pace Plaza so long as such Transfer does not have a Material Adverse Effect.

(Section 18)

PROPOSED FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL

**FORM OF APPROVING OPINION OF HAWKINS DELAFIELD & WOOD LLP,
CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2013A BONDS**

Upon delivery of the Series 2013A Bonds, Hawkins Delafield & Wood LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

HAWKINS DELAFIELD & WOOD LLP
ONE CHASE MANHATTAN PLAZA
NEW YORK, NEW YORK 10005

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$95,840,000 aggregate principal amount of Pace University Revenue Bonds, Series 2013A (the “Series 2013A Bonds”) of the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the “Dormitory Authority Act”).

The Series 2013A Bonds are issued under and pursuant to the Dormitory Authority Act, the Pace University Revenue Bonds General Bond Resolution adopted by the Authority on January 16, 2013 (the “Bond Resolution”), as supplemented by the Series 2013A Resolution Authorizing Up To \$155,000,000 Pace University Revenue Bonds, Series 2013A (the “Series 2013A Resolution”) and a series certificate of the Authority fixing the terms and the details of the Series 2013A Bonds (the “Series 2013A Certificate”). The Bond Resolution, the Series 2013A Resolution and the Series 2013A Certificate are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2013A Bonds are dated, mature, are payable, bear interest and are subject to redemption and purchase as provided in the Resolutions.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Resolutions create the valid pledge which they purport to create of the proceeds of the sale of the Series 2013A Bonds, the Revenues and all funds and accounts established by the Series 2013A Resolution other than the Arbitrage Rebate Fund (as such terms are defined in the

Appendix F

Resolutions), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Resolutions permitting the application thereof to the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2013A Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2013A Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2013A Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2013A Bonds.

5. The Loan Agreement dated as of January 16, 2013 (the “Loan Agreement”), between the Authority and Pace University (the “University”), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Under existing statutes and court decisions, (i) interest on the Series 2013A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2013A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and the University in connection with the Series 2013A Bonds, and we have assumed compliance by the Authority and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2013A Bonds from gross income under Section 103 of the Code. In addition, we have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code. For any Series 2013A Bonds having original issue discount (“OID”), OID that has accrued and is properly allocable to the owners of such Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2013A Bonds.

7. Under existing statutes, interest on the Series 2013A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2013A Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2013A Bonds, or the exemption from personal income taxes of interest on the Series 2013A Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2013A Bonds, the Resolutions and the Loan Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights or remedies heretofore or

hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2013A Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Appendix F

FORM OF APPROVING OPINION OF BRYANT RABBINO LLP,
CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2013A BONDS

Upon delivery of the Series 2013A Bonds, Bryant Rabbino LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

BRYANT RABBINO LLP
220 E. 42ND STREET, SUITE 3302
NEW YORK, NEW YORK 10017

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

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the “Dormitory Authority Act”), in connection with the issuance of \$95,840,000 aggregate principal amount of Pace University Revenue Bonds, Series 2013A (the “Series 2013A Bonds”) of the Authority. In such capacity, we have examined such laws and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2013A Bonds are authorized to be issued in accordance with and pursuant to the Constitution and the laws of the State including the Dormitory Authority Act, the Pace University Revenue Bonds General Bond Resolution adopted by the Authority on January 16, 2013 (the “Bond Resolution”), as supplemented by the Series 2013A Resolution Authorizing Up To \$155,000,000 Pace University Revenue Bonds, Series 2013A (the “Series 2013A Resolution”) and a series certificate of the Authority fixing the terms and the details of the Series 2013A Bonds (the “Series 2013A Certificate”). The Bond Resolution, the Series 2013A Resolution and the Series 2013A Certificate are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2013A Bonds are dated, mature, are payable, bear interest and are subject to redemption and purchase as provided in the Resolutions.

Regarding questions of material fact related to our opinion, we have relied on the representations of the Authority contained in the Resolutions, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing and subject to the further qualifications herein, we are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Resolutions create the valid pledge which they purport to create of the proceeds of the sale of the Series 2013A Bonds, the Revenues and all funds and accounts established by the Series 2013A Resolution other than the Arbitrage Rebate Fund (as such terms are defined in the Resolutions), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Resolutions permitting the application thereof to the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2013A Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2013A Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2013A Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2013A Bonds.

5. The Loan Agreement dated as of January 16, 2013 (the "Loan Agreement"), between the Authority and Pace University (the "University"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Under existing statutes and court decisions, (i) interest on the Series 2013A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2013A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and the University in connection with the Series 2013A Bonds, and we have assumed compliance by the Authority and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2013A Bonds from gross income under Section 103 of the Code. In addition, we have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code. For any Series 2013A Bonds having original issue discount ("OID"), OID that has accrued and is properly allocable to the owners of such Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2013A Bonds.

7. Under existing statutes, interest on the Series 2013A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2013A Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2013A Bonds, or the exemption from personal income taxes of interest on the Series 2013A Bonds under state and local tax law.

Appendix F

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2013A Bonds, the Resolutions and the Loan Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2013A Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

FORM OF APPROVING OPINION OF HAWKINS DELAFIELD & WOOD LLP,
CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2013B BONDS

Upon delivery of the Series 2013B Bonds, Hawkins Delafield & Wood LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

HAWKINS DELAFIELD & WOOD LLP
ONE CHASE MANHATTAN PLAZA
NEW YORK, NEW YORK 10005

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$19,670,000 aggregate principal amount of Pace University Revenue Bonds, Series 2013B (the “Series 2013B Bonds”) of the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the “Dormitory Authority Act”).

The Series 2013B Bonds are issued under and pursuant to the Dormitory Authority Act, the Pace University Revenue Bonds General Bond Resolution adopted by the Authority on January 16, 2013 (the “Bond Resolution”), as supplemented by the Series 2013B Resolution Authorizing Up To \$155,000,000 Pace University Revenue Bonds, Series 2013B (the “Series 2013B Resolution”) and a series certificate of the Authority fixing the terms and the details of the Series 2013B Bonds (the “Series 2013B Certificate”). The Bond Resolution, the Series 2013B Resolution and the Series 2013B Certificate are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2013B Bonds are dated, mature, are payable, bear interest and are subject to redemption and purchase as provided in the Resolutions.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Resolutions create the valid pledge which they purport to create of the proceeds of the sale of the Series 2013B Bonds, the Revenues and all funds and accounts established by the Series 2013B Resolution other than the Arbitrage Rebate Fund (as such terms are defined in the Resolutions), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Resolutions permitting the application thereof to the purposes and on the terms and conditions set forth in the Resolutions.

Appendix F

3. The Series 2013B Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2013B Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2013B Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2013B Bonds.

5. The Loan Agreement dated as of January 16, 2013 (the “Loan Agreement”), between the Authority and Pace University (the “University”), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Interest on the Series 2013B Bonds (i) is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and (ii) is, under existing statutes, exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2013B Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2013B Bonds, the Resolutions and the Loan Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2013B Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

FORM OF APPROVING OPINION OF BRYANT RABBINO LLP,
CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2013B BONDS

Upon delivery of the Series 2013B Bonds, Bryant Rabbino LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

BRYANT RABBINO LLP
220 E. 42ND STREET, SUITE 3302
NEW YORK, NEW YORK 10017

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

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the “Dormitory Authority Act”), in connection with the issuance of \$19,670,000 aggregate principal amount of Pace University Revenue Bonds, Series 2013B (the “Series 2013B Bonds”) of the Authority. In such capacity, we have examined such laws and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2013B Bonds are authorized to be issued in accordance with and pursuant to the Constitution and the laws of the State including the Dormitory Authority Act, the Pace University Revenue Bonds General Bond Resolution adopted by the Authority on January 16, 2013 (the “Bond Resolution”), as supplemented by the Series 2013B Resolution Authorizing Up To \$155,000,000 Pace University Revenue Bonds, Series 2013B (the “Series 2013B Resolution”) and a series certificate of the Authority fixing the terms and the details of the Series 2013B Bonds (the “Series 2013B Certificate”). The Bond Resolution, the Series 2013B Resolution and the Series 2013B Certificate are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2013B Bonds are dated, mature, are payable, bear interest and are subject to redemption and purchase as provided in the Resolutions.

Regarding questions of material fact related to our opinion, we have relied on the representations of the Authority contained in the Resolutions, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing and subject to the further qualifications herein, we are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

Appendix F

2. The Resolutions create the valid pledge which they purport to create of the proceeds of the sale of the Series 2013B Bonds, the Revenues and all funds and accounts established by the Series 2013B Resolution other than the Arbitrage Rebate Fund (as such terms are defined in the Resolutions), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Resolutions permitting the application thereof to the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2013B Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2013B Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2013B Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2013B Bonds.

5. The Loan Agreement dated as of January 16, 2013 (the "Loan Agreement"), between the Authority and Pace University (the "University"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Interest on the Series 2013B Bonds (i) is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and (ii) is, under existing statutes, exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2013B Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2013B Bonds, the Resolutions and the Loan Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2013B Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

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