

NEW ISSUE



DAC Bond[®]

\$13,080,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
EHS TOWERS LLC - CUNY STUDENT HOUSING PROJECT SUBORDINATE
REVENUE BONDS, SERIES 2021 (FEDERALLY TAXABLE)**

Dated: Date of Delivery

Due: August 1, as shown on inside cover page

Purpose of the Issue: The EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bonds, Series 2021 (Federally Taxable) (the “Series 2021 Bonds”) are being issued to fund a loan from the Dormitory Authority of the State of New York (“DASNY”) to EHS Towers LLC (“EHS Towers” or the “Institution”), a bankruptcy-remote special purpose entity that has a ground-lease interest in the land and the building that comprise the Project (defined below), to (i) provide temporary debt service relief to the Institution by providing funds (A) together with other available funds, to defease certain maturities of DASNY’s Educational Housing Services – CUNY Student Housing Project Insured Revenue Bonds, Series 2005 (the “Series 2005 Bonds”), (B) to pay all interest due on the other Series 2005 Bonds from July 1, 2021 through and including July 1, 2023, and (C) to pay all interest due on the Series 2021 Bonds through August 1, 2023* and (ii) pay the costs of issuance of the Series 2021 Bonds. The Series 2021 Bonds will be subordinate to the Series 2005 Bonds that remain outstanding (see “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS - Flow of Funds”). The Series 2005 Bonds were issued pursuant to a resolution adopted March 2, 2005 (the “Senior Resolution”), the proceeds of which were loaned to a predecessor in interest to the Institution and used to finance the construction of The Towers at CCNY (the “Project”), an approximately 600-bed student residence facility for students of the City University of New York (“CUNY”) located on the campus of the City College of New York (“CCNY”).

Payment and Security: The Series 2021 Bonds are special obligations of DASNY. Principal and redemption price of and interest on the Series 2021 Bonds are payable solely from and secured by a pledge of certain payments to be made under a non-recourse Loan Agreement (the “Loan Agreement”) between the Institution and DASNY, amounts payable by CUNY pursuant to a Support Agreement (as defined herein) between CUNY and DASNY, and all funds and accounts authorized under DASNY’s EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bond Resolution, adopted May 19, 2021 (the “Resolution”), and established under the Series Resolution Authorizing Up To \$19,000,000 EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bonds, Series 2021, adopted May 19, 2021 (the “Series 2021 Resolution”).

The Loan Agreement is a *special limited obligation* of the Institution, payable solely from the sources described herein, and requires the Institution to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay the principal of and interest on the Series 2021 Bonds, as such payments become due. No payment will be made under the Loan Agreement unless all payments required to be made under the Senior Loan Agreement (as defined herein) prior to the date of the payment under the Loan Agreement have been made. The Institution’s obligations under the Loan Agreement are payable solely from revenues derived from operation of the Project, which revenues the Institution has assigned to DASNY pursuant to the Loan Agreement. Assigned revenues are required to be paid to the Trustee, after payments required to be made under the Senior Loan Agreement and the Senior Resolution, and applied as provided in the Resolution for payment of debt service on the Series 2021 Bonds and other costs as described herein.

To support the continued operation of the Project, including payment of debt service on the Series 2021 Bonds, CUNY will enter into a Support Agreement (the “Support Agreement”) with DASNY. Pursuant to the Support Agreement, if amounts on deposit in the Operating Fund, the Debt Service Fund and the Arbitrage Rebate Fund under the Resolution are insufficient to make the payments required to be made from such Funds, CUNY is obligated to transfer to the Trustee, from legally available funds, the amount of such deficiency.

The scheduled payment of principal of and interest on the Series 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2021 Bonds by **Build America Mutual Assurance Company** (the “Insurer” or “BAM”).



The Series 2021 Bonds will not be a debt of the State of New York (the “State”), The City of New York (the “City”) or CUNY nor will the State, the City or CUNY be liable thereon. DASNY has no taxing power.

Description: The Series 2021 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2021 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 2021 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2021 Bonds, payments of the principal and Redemption Price of and interest on such Series 2021 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 2021 BONDS – Book-Entry Only System” herein. Interest on the Series 2021 Bonds will be payable on each February 1 and August 1 beginning on February 1, 2022. The trustee and paying agent for the Series 2021 Bonds will be The Bank of New York Mellon, New York, New York (the “Trustee”).

Redemption: The Series 2021 Bonds are subject to redemption prior to maturity as more fully described herein.

Tax Matters: Orrick, Herrington & Sutcliffe LLP, New York, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel to DASNY (“Co-Bond Counsel”), observes that interest on the Series 2021 Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Co-Bond Counsel is of the opinion that interest on the Series 2021 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021 Bonds. See “PART 12 - TAX MATTERS” herein.

The Series 2021 Bonds are offered when, as and if issued. The offer of the Series 2021 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 Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Institution by its Special Counsel, Cozen O’Connor, New York, New York and its General Counsel, Ariel M. Dybner, Esq. Certain legal matters will be passed upon for CUNY by its counsel, Nixon Peabody LLP, New York, New York and by the CUNY Office of General Counsel. Certain legal matters will be passed upon for RBC Capital Markets, LLC, as underwriter, by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. DASNY expects to deliver the Series 2021 Bonds in definitive form in New York, New York, on or about June 17, 2021.

RBC CAPITAL MARKETS

June 10, 2021

12418408.16

\$13,080,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
EHS TOWERS LLC – CUNY STUDENT HOUSING PROJECT
SUBORDINATE REVENUE BONDS, SERIES 2021 (FEDERALLY TAXABLE)

<u>August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> [*]
2036	\$4,230,000	3.00%	3.00%	65000B BW7
2037	\$4,355,000	3.10%	3.10%	65000B BX5
2038	\$4,495,000	3.20%	3.20%	65000B BY3

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2021 Bonds and the Institution, CUNY and DASNY make no representation with respect to such numbers and undertake no responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity 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 certain maturities of the Series 2021 Bonds.

No dealer, broker, salesperson or other person has been authorized by DASNY, the Institution, CUNY or the Underwriter to give any information or to make any representations with respect to the Series 2021 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 Institution, CUNY or the Underwriter.

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 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein relating to DASNY under the heading "PART 8 – DASNY" has been supplied by DASNY. All other information in this Official Statement has been supplied by the Institution, CUNY, the Insurer and other sources deemed to be reliable by the Underwriter and is not to be construed as a representation of DASNY. DASNY does not guarantee the accuracy or completeness of such information nor does it directly or indirectly guarantee, endorse or warrant (i) the creditworthiness or credit standing of such parties, (ii) the sufficiency of the security for the Series 2021 Bonds, or (iii) the value or investment quality of the Series 2021 Bonds.

Information relating to DTC and the book-entry system described herein is based on information provided by DTC and is believed to be reliable, but none of DASNY, the Underwriter, the Institution or CUNY makes any representations or warranties with respect to such information.

The Institution reviewed the parts of this Official Statement describing the Institution and Appendix B. The Institution shall certify as of the dates of sale and delivery of the Series 2021 Bonds that such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Institution makes no representations as to the accuracy or completeness of any other information included in this Official Statement.

CUNY reviewed the parts of this Official Statement describing CUNY, the Support Agreement, the Project, Estimated Sources and Uses of Funds and Appendix C. CUNY shall certify as of the dates of sale and delivery of the Series 2021 Bonds that 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. CUNY makes no representations as to the accuracy or completeness of any other information included in this Official Statement.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Series 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance Policy" and "Appendix I - Specimen Municipal Bond Insurance Policy".

References in this Official Statement to the Act, the Resolution, the Series 2021 Resolution, the Loan Agreement, the Support Agreement, the Project Management Agreement and the Municipal Bond Insurance Policy do not purport to be complete. Refer to the Act, the Resolution, the Series 2021 Resolution, the Loan Agreement, the Support Agreement, the Management Agent, and the Municipal Bond Insurance Policy for full and complete details of their provisions. Copies of the Resolution, the Series 2021 Resolution, the Loan Agreement, the Support Agreement, the Management Agent, and the Municipal Bond Insurance Policy 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.

The Underwriter has provided the following sentence. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of DASNY, the Institution, CUNY or the Insurer have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME

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DORMITORY AUTHORITY - STATE OF NEW YORK
REUBEN R. McDANIEL, III –PRESIDENT

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

OFFICIAL STATEMENT RELATING TO
\$13,080,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
EHS TOWERS LLC - CUNY STUDENT HOUSING PROJECT
SUBORDINATE REVENUE BONDS, SERIES 2021 (FEDERALLY TAXABLE)

PART 1 - INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Project, DASNY, the Institution, CUNY and the Insurer, in connection with the offering by DASNY of \$13,080,000 principal amount of its EHS Towers LLC - CUNY Student Housing Project Subordinate Revenue Bonds, Series 2021 (Federally Taxable) (the “Series 2021 Bonds”).

The following is a brief description of certain information concerning the Series 2021 Bonds, the Project, DASNY, the Institution, CUNY and the Insurer. A more complete description of such information and additional information that may affect decisions to invest in the Series 2021 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 2021 Bonds are being issued to (i) provide temporary debt service relief to the Institution, in light of the impact of the COVID-19 pandemic on in-person learning and Project occupancy by providing funds (A) together with other available funds, to defease certain maturities of DASNY’s Educational Housing Services - CUNY Student Housing Project Insured Revenue Bonds, Series 2005 (the “Series 2005 Bonds”) issued under and pursuant to the Senior Resolution (defined herein), (B) to pay all interest due on the other Series 2005 Bonds from July 1, 2021 through and including July 1, 2023, and (C) to pay all interest due on the Series 2021 Bonds through August 1, 2023 and (ii) to pay the costs of issuance of the Series 2021 Bonds. See “PART 6 - PLAN OF DEFEASANCE AND FINANCE” and “PART 7 - ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authorization of Issuance

The Series 2021 Bonds will be issued pursuant to the Resolution, the Series 2021 Resolution and the Act. The Resolution authorizes the issuance of other Series of Bonds to pay the costs of student housing facilities on the campus of City College of New York, the refunding of Bonds and other indebtedness issued for such purpose, and payment of certain costs in connection therewith. The Series 2021 Resolution authorizes the issuance of the Series 2021 Bonds in an amount not to exceed \$19,000,000. The Series 2021 Bonds are the first series of bonds to be issued under the Resolution. The aggregate amount of Bonds that may be issued under the Resolution is unlimited except as provided in the Resolution or by law. All Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with each other, but are subordinate to the Series 2005 Bonds. The Resolution precludes the issuance of any additional bonds under the Senior Resolution pursuant to which the Series 2005 Bonds were issued. See “PART 3 - THE SERIES 2021 BONDS.”

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 Institution

EHS Towers LLC (“EHS Towers” or the “Institution”) is a Delaware limited liability company, a bankruptcy-remote special purpose entity whose sole member is Educational Housing Services, Inc. (“EHS”), a New York not-for-profit corporation incorporated in 1987 that is exempt from federal income taxes under Section 501(c)(3) of the Code. As required by the limited liability company agreement of the Institution, the Institution has, and shall have at all times so long as any indebtedness, liabilities and obligations of the Institution are outstanding, an independent manager who shall be admitted as a special member in the event that EHS ceases to be a member of the Institution. For federal income tax purposes, the Institution is disregarded as an entity separate from its sole member EHS. The Institution’s sole activities relate to the operation and management of the Project. See “PART 4 – THE INSTITUTION.”

The Institution’s obligations with respect to the operation of the Project and its obligation to make loan payments under the Loan Agreement in amounts sufficient to pay the principal and interest on the Series 2021 Bonds are payable solely from the Assigned Revenues derived by the Institution from the Project, the interest of the Institution in the Project and the Mortgaged Property revenues, and other receipts derived from the Institution’s interest in and/or operation of the Project after payment of the Institution’s obligations under the Senior Loan Agreement and no other revenues or assets of the Institution will be available therefor. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS”, “PART 4 – THE INSTITUTION,” – Security for the Series 2021 Bonds” and “– Assigned Revenues”, “PART 5 – CITY UNIVERSITY OF NEW YORK – COVID-19 Response and Planning”, “PART 9 – CERTAIN BONDHOLDERS’ RISKS – COVID-19, – Limited Obligations of DASNY, the Institution and CUNY, – Tax-Exempt Status of the Institution, – Risk of Substantive Consolidation, and – Enforceability of Remedies; Effect of Bankruptcy”, “Appendix B – Special Purpose Financial Statements of EHS Towers LLC and “Appendix D – Summary of Certain Provisions of the Loan Agreement.”

City University of New York

CUNY is a separate and distinct body corporate established under Article 125 of the New York State Education Law. CUNY comprises eleven senior colleges (the “Senior Colleges”), seven community colleges (the “Community Colleges”) and seven Graduate, Honors and Professional Schools (the “Graduate Schools”). Each of the colleges and schools is accredited by the Middle States Association of Colleges and Secondary Schools, and all programs offered are authorized by the Regents of the University of the State of New York and are registered with the New York State Education Department. See “PART 6 – THE CITY UNIVERSITY OF NEW YORK” and “Appendix C – City University of New York Financial Statements for the Year Ended June 30, 2020.”

The Series 2021 Bonds

The Series 2021 Bonds will be dated their date of delivery and will bear interest from such date (payable February 1, 2022 and each February 1 and August 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2021 BONDS – Description of the Series 2021 Bonds.”

Payment of the Series 2021 Bonds

The Series 2021 Bonds will be special limited obligations of DASNY payable solely from the Revenues, which consist of certain payments required to be made by the Institution under the Loan Agreement, payments by CUNY under the Support Agreement and other amounts payable to DASNY as a result of the exercise of any of DASNY’s rights pursuant to the Loan Agreement or the Mortgage (which Mortgage is subordinate to the mortgage granted to secure the Institution’s obligations under the Senior Loan Agreement). The Loan Agreement is a *special limited obligation* of the Institution, payable solely from the Assigned Revenues, which consist of fund balances, proceeds, charges, income, rents, license fees, receipts, profits, revenues and benefits of the Institution relating to or derived from the Institution’s interest in and/or operation of the Project excluding security deposits until applied by the Institution in accordance with the applicable license or lease agreement (the “Assigned Revenues”) and from the interest of the Institution in the Project as described herein. The assignment of the Assigned Revenues is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution. Pursuant to the

Resolution and the Series 2021 Resolution, the Revenues and DASNY's right to receive the Revenues have been pledged to the Trustee, which pledge shall constitute a first lien thereon, subordinate only to the lien of the Senior Resolution on the Assigned Revenues. Pursuant to the Loan Agreement, the Institution is obligated to deposit, or cause to be deposited, with the Trustee all Assigned Revenues remaining after application pursuant to the Senior Resolution. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS" and "Appendix D – Summary of Certain Provisions of the Loan Agreement."

Security for the Series 2021 Bonds

The Series 2021 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Assigned Revenues granted by the Institution to DASNY under the Loan Agreement. The assignment of the Assigned Revenues is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution. The Series 2021 Bonds will also be secured by the proceeds from the sale of the Series 2021 Bonds (until disbursed as provided by the Resolution and described under "Purpose of the Issue" above) and all funds and accounts authorized by the Resolution and established by the Series 2021 Resolution (with the exception of the Arbitrage Rebate Fund). Payment of principal and Sinking Fund Installments of and interest on the Series 2021 Bonds will be insured by the Insurer. The Resolution authorizes the issuance by DASNY, from time to time, of Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution. All Bonds, notwithstanding the Series under which issued or their date or dates of issuance, will be secured equally and ratably by the foregoing except as otherwise provided in or permitted by the Resolution. The Resolution precludes the issuance of any additional bonds under the Senior Resolution. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Security for the Series 2021 Bonds" and "Appendix E – Summary of Certain Provisions of the Resolution."

The Series 2021 Bonds will not be a debt of the State, the City or CUNY, nor will the State, the City or CUNY be liable thereon. DASNY has no taxing power.

Municipal Bond Insurance Policy

The Insurer has committed to issue a municipal bond insurance policy guaranteeing the payment of the principal and the interest on the Series 2021 Bonds when due. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – The Municipal Bond Insurance Policy" and "Appendix I – Specimen Municipal Bond Insurance Policy."

The Support Agreement

CUNY will enter into the Support Agreement to support the continued operation of the Project, including payment of debt service on the Series 2021 Bonds. Pursuant to the terms of the Support Agreement, in the event amounts on deposit in the Operating Fund, the Debt Service Fund and the Arbitrage Rebate Fund under the Resolution are insufficient to make the payments required to be made from such Funds, CUNY is obligated to transfer to the Trustee, from legally available funds, the amount of such deficiency. No approval by the City or State, or any agency of the City or State, is required for CUNY to make any payment under the Support Agreement from monies legally available to CUNY for such purpose. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – The Support Agreement" and "Appendix F – Summary of Certain Provisions of the Support Agreement." CUNY is also the party to other support agreements (See PART 5 – THE CITY UNIVERSITY OF NEW YORK – Support Agreements).

The Project Management Agreement

The Managing Agent is obligated under the Project Management Agreement to operate and maintain the Project. Although the Project Management Agreement expired on April 14, 2020, the parties thereto are currently operating thereunder on a month-to-month basis and expect to enter into an amendment to the Project Management Agreement extending its term until June 30, 2023. Pursuant to the Project Management Agreement, the Managing Agent is required, while the Series 2005 Bonds are outstanding, to deposit all revenue collected from operation of the Project, on a daily basis, into the Revenue Fund established under the Senior Resolution, to be disbursed by the Trustee for the Series 2005 Bonds in accordance with the Senior Resolution. Pursuant to standing instructions from CUNY and DASNY, amounts remaining after the flow of funds under the Senior Resolution are to be transferred by the Trustee for the Series 2005 Bonds to the Trustee. Once there are no Series 2005 Bonds outstanding, the Managing Agent will be required to deposit all revenue collected from operation of the Project with the Trustee in accordance with the Resolution. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Assigned Revenues."

The Mortgage

The Project is constructed on land owned by DASNY that was leased to EHS pursuant to a Ground Lease (the "Ground Lease") and such Ground Lease was assigned to the Institution in 2008 pursuant to the Assignment and Assumption of Ground Lease among DASNY, EHS and the Institution and as further amended as of the date of issuance of the Series 2021 Bonds, pursuant to an Amendment to Ground Lease between DASNY and the Institution. The term of the Ground Lease continues until the earlier of August 2, 2038 or repayment in full of the Series 2021 Bonds and the Series 2005 Bonds. Pursuant to a subordinate leasehold mortgage (the "Mortgage") dated as of the date of issuance of the Series 2021 Bonds from the Institution to DASNY, the Institution's obligations to DASNY under the Loan Agreement will be additionally secured by a subordinate leasehold mortgage on the Institution's leasehold interest in the Project and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith and a security interest in the leases or license agreements with Project residents. The Mortgage is subordinate to a Leasehold Mortgage from the Institution to DASNY that secures the Institution's obligations to DASNY under the Senior Loan Agreement. DASNY may, but has no present intention to, assign the Mortgage and such security interests to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interest in such fixtures, furnishings and equipment, the security interest in leases or license agreements, nor any proceeds therefrom, other than the Assigned Revenues, will be pledged to the Holders of the Series 2021 Bonds. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS - The Mortgage."

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2021 Bonds and certain related covenants. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2021 Resolution, the Loan Agreement, the Support Agreement, the Project Management Agreement, the Mortgage and the Municipal Bond Insurance Policy. Copies of the Resolution, the Series 2021 Resolution, the Loan Agreement, the Support Agreement, the Project Management Agreement, the Mortgage and the Municipal Bond Insurance Policy are on file with DASNY and the Trustee. See also "Appendix D - Summary of Certain Provisions of the Loan Agreement," "Appendix E - Summary of Certain Provisions of the Resolution," "Appendix F - Summary of Certain Provisions of the Support Agreement" and "Appendix I - Specimen Municipal Bond Insurance Policy" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2021 Bonds

The Series 2021 Bonds and all other Bonds which may be issued under the Resolution will be special limited obligations of DASNY. The principal, Sinking Fund Installments, if any, Redemption Price of and interest on the Series 2021 Bonds and all other Bonds which may be issued under the Resolution are payable solely from the Revenues. The Revenues consist of the payments required to be made by the Institution under the Loan Agreement, including the Assigned Revenues hereinafter described, payments by CUNY under the Support Agreement and other amounts payable to DASNY as a result of the exercise of any of DASNY's rights pursuant to the Loan Agreement or the Mortgage. The assignment of the Assigned Revenues is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution. The Mortgage is subordinate to a Leasehold Mortgage from the Institution to DASNY that secures the Institution's obligations to DASNY under the Senior Loan Agreement. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders, which pledge shall constitute a first lien thereon, subordinate only to the lien of the Senior Resolution on the Assigned Revenues.

The Loan Agreement is a *special limited obligation* of the Institution payable solely from the Assigned Revenues derived by the Institution from the Project and from the interest of the Institution in the Project and the Mortgaged Property. The Loan Agreement obligates the Institution to deposit or cause to be deposited all Assigned Revenues remaining after application thereof pursuant to the Senior Resolution with the Trustee, to be applied by the Trustee as provided below under the heading "Flow of Funds."

Security for the Series 2021 Bonds

The Series 2021 Bonds will be secured equally with all other Bonds which may be issued under the Resolution by the pledge and assignment of the Revenues, the proceeds from the sale of the Series 2021 Bonds (until disbursed as provided in the Resolution and described under "Purpose of the Issue" above), all funds and accounts authorized under the Resolution and established under the applicable Series Resolution (with the exception of the Arbitrage Rebate Fund) and

DASNY's security interest in the Assigned Revenues. The assignment of the Assigned Revenues is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution.

All Bonds, notwithstanding the Series Resolution under which issued or their date or dates of issuance, will be secured equally and ratably by the foregoing except as otherwise provided in or permitted by the Resolution.

Assigned Revenues

As security for its obligations under the Loan Agreement, the Institution has granted to DASNY a subordinate security interest in the fund balances, proceeds, charges, income, license fees, rents, receipts, profits, revenues and benefits of the Institution relating to or derived from the Institution's interest in and/or operation of the Project excluding security deposits until applied in accordance with the applicable license or lease agreement (the "Assigned Revenues"). The assignment of the Assigned Revenues is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution. Pursuant to the Project Management Agreement, the Managing Agent is required, while the Series 2005 Bonds are outstanding, to deposit all revenue collected from operation of the Project, on a daily basis, into the Revenue Fund established under the Senior Resolution, to be disbursed by the Trustee for the Series 2005 Bonds in accordance with the Senior Resolution. Pursuant to standing instructions from CUNY and DASNY, amounts remaining after the flow of funds under the Senior Resolution are to be transferred by the Trustee for the Series 2005 Bonds to the Trustee. Once there are no Series 2005 Bonds outstanding, the Managing Agent will be required to deposit all revenue collected from operation of the Project with the Trustee in accordance with the Resolution. DASNY has pledged and assigned to the Trustee for the benefit of the Holders of Bonds its security interest in the Assigned Revenues. So long as the Series 2005 Bonds remain Outstanding, the assignment of the Assigned Revenues is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution.

Flow of Funds

The Revenues, other than payments made under the Support Agreement, and any other moneys which, by any of the provisions of the Loan Agreement are to be paid to the Trustee, shall, upon receipt by the Trustee, be deposited to the Revenue Fund on the dates and in the amounts as required by the Resolution, provided that no payment will be made under the Loan Agreement unless all payments required to be made under the Senior Loan Agreement (as defined herein) prior to the date of the payment under the Loan Agreement have been made. Prior amounts required to be disbursed under the Senior Resolution include amounts necessary to fund the operating costs of the Project, the arbitrage rebate fund established under the Senior Resolution, principal, sinking fund installments and interest on the Series 2005 Bonds, deficiencies in the debt service reserve fund securing the Series 2005 Bonds, amounts required to be deposited in the repair and replacement reserve fund established under the Senior Resolution, various fees payable under the Senior Loan Agreement and Project Management Agreement and any amounts required to be deposited in the Operating Reserve Fund. See "Appendix J- Flow of Funds Under Senior Resolution."

After making the above deposits required by the Senior Resolution, the Trustee shall transfer amounts from the Revenue Fund at the times and in the order of priority as follows:

(a) Commencing when there are no Series 2005 Bonds Outstanding, on or before the 20th day of each month, there shall be transferred to the Operating Fund an amount equal to the Operating Expenses (other than the Annual Administrative Fee) for the next ensuing month as set forth in the Operating Budget;

(b) Commencing when there are no Series 2005 Bonds Outstanding, on the date specified by DASNY, there shall be transferred to the Operating Fund the amount specified by DASNY as having been determined in accordance with the Project Management Agreement as required to pay extraordinary Operating Expenses not included in the transfers made pursuant to paragraph (a);

(c) On the date specified by DASNY, there shall be transferred to the Arbitrage Rebate Fund the amount specified by DASNY;

(d) (i) While Series 2005 Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to the interest payable on the Series 2021 Bonds on all interest payment dates during the succeeding twelve months or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by DASNY to be payable on such interest payment dates and (ii) commencing when there are no Series 2005 Bonds

Outstanding, on or before the 20th day of the month preceding each interest payment date, there shall be transferred to the Debt Service Fund an amount equal to the interest payable on the Series 2021 Bonds on such interest payment date or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by DASNY to be payable on such interest payment date;

(e) (i) While Series 2005 Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to the principal amount payable on the Series 2021 Bonds on the next ensuing August 1 and (ii) commencing when there are no Series 2005 Bonds Outstanding, on or before each January 20, there shall be transferred to the Debt Service Fund an amount equal to one-half (1/2) of the principal amount payable on the Series 2021 Bonds on the next ensuing August 1, whether by maturity or mandatory sinking fund redemption and on or before each July 20 there shall be transferred to the Debt Service Fund the amount necessary to cause the amount on deposit in the Debt Service Fund to be sufficient to pay such principal amount on August 1;

(f) (i) While Series 2005 Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to what is payable by the Institution for the succeeding twelve months under any Interest Rate Exchange Agreement as directed in writing by the Institution, and (ii) commencing when there are no Series 2005 Bonds Outstanding, on or before the 20th day of the month preceding each date on which amounts are payable under an Interest Rate Exchange Agreement, there shall be transferred to the Debt Service Fund such amount payable by the Institution under any Interest Rate Exchange Agreement;

(g) (i) While Series 2005 Bonds are Outstanding, on or before each July 20, and (ii) commencing when there are no Series 2005 Bonds Outstanding, on or before each January 20 and July 20, there shall be transferred to the Debt Service Reserve Fund an amount necessary in order to maintain on deposit therein the Debt Service Reserve Requirement for the Series 2021 Bonds, if any, or to reimburse pro rata any Facility Provider for any amounts drawn on a Reserve Fund Facility deposited in the Debt Service Reserve Fund[†];

(h) Commencing when there are no Series 2005 Bonds Outstanding, on or before each January 20 and July 20, there shall be transferred to the Repair and Replacement Reserve Fund an amount equal to one-half (1/2) of the Repair and Replacement Reserve Fund Requirement for such Bond Year plus an amount equal to any prior withdrawals from such Fund pursuant to Section 5.11(2) of the Resolution which have not been previously replenished;

(i) While Series 2005 Bonds are Outstanding, on or before each July 20, an amount equal to the Annual Administrative Fee payable under the Loan Agreement shall be transferred to the Operating Fund and (ii) commencing when there are no Series 2005 Bonds Outstanding, on or before each January 20 and July 20, an amount equal to one-half of the Annual Administrative Fee payable under the Loan Agreement shall be transferred to the Operating Fund;

(j) Subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Institution Fee (Subordinate);

(k) Subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Managing Agent's Fee (Subordinate);

(l) Subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Reserve Fund held under the Senior Resolution while the Series 2005 Bonds are Outstanding, and to the Operating Reserve Fund once no Series 2005 Bonds are Outstanding, an amount equal to the difference between the amount on deposit therein and the Operating Reserve Fund Requirement;

The Trustee shall also deposit amounts paid to it by CUNY under the Support Agreement directly into the Operating Fund, the Debt Service Fund, the Arbitrage Rebate Fund and the Debt Service Reserve Fund, as applicable. If the amount at any time is insufficient to make the deposits to any Fund required to be made pursuant to paragraphs (a) – (l) above (including amounts provided under the Support Agreement for deposit in such Funds), the amount to be deposited in such Fund on the succeeding transfer date shall be increased by the amount of such deficiency.

Subsequent to August 1 but prior to August 20 of each year, after making the above transfers the Trustee shall, at CUNY's written request and the written direction of DASNY (i) transfer amounts remaining on deposit in the Revenue Fund to the Debt Service Fund for redemption of the Series 2021 Bonds then subject to redemption with such amounts, (ii) pay all or a portion of the amounts remaining to CUNY for use for purposes related to the Project, (iii) while Senior Bonds

[†] No Debt Service Reserve Fund will be established for the Series 2021 Bonds.

are Outstanding, transfer all or a portion of such amounts to the Operating Reserve Fund held under the Senior Resolution, and commencing when there are no Senior Bonds Outstanding transfer all or a portion of such amounts to the Operating Reserve Fund or (iv) retain all or a portion of such amounts in the Revenue Fund.

If amounts on deposit in the Revenue Fund are insufficient to make all of the transfers required by paragraphs (a)-(l) above, the Trustee shall immediately notify DASNY, CUNY, the Insurer and the Institution.

Rate Covenant

The Loan Agreement obligates the Institution, subject to applicable requirements or restrictions imposed by law, to budget legally available amounts sufficient to pay during the then-current Bond Year, all Operating Expenses, principal and interest due on Series 2005 Bonds and principal and interest due on the Series 2021 Bonds. The failure to achieve sufficient amounts to actually equal the required levels shall not constitute a default or an Event of Default under the Loan Agreement.

Municipal Bond Insurance Policy

Concurrently with the issuance of the Series 2021 Bonds, Build America Mutual Assurance Company (the “Insurer” or “BAM”) will issue its Municipal Bond Insurance Policy for the Series 2021 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2021 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com. BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2021 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2021 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2021 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2021 Bonds, nor does it guarantee that the rating on the Series 2021 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$477.7 million, \$156.4 million and \$321.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions. BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s

website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Series 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Rights of the Insurer with Respect to the Series 2021 Bonds

So long as the Insurer is not in default of its obligations to make payments under the Municipal Bond Insurance Policy and is not insolvent, the Insurer will be treated as the holder of the Series 2021 Bonds for purposes of the provisions of the Resolution, including for purposes of amendments to the Resolution and events of default and remedies under the Resolution. With respect to the Series 2021 Bonds, the Insurer will be deemed to be the Bondholder for all purposes of the Resolution, including those summarized in Appendix E to this Official Statement. The Insurer will, through the Trustee, have the right to direct the remedies for, or waive, events of default under the Loan Agreement.

The Support Agreement

DASNY and CUNY will enter into the Support Agreement to support the continued operation of the Project, including payment of debt service on the Series 2021 Bonds as follows.

1. Not later than eight (8) days following receipt of notice from the Trustee that the amount on deposit in the Operating Fund, the Arbitrage Rebate Fund or the Debt Service Fund (following transfers to such Funds from the other Funds held under the General Resolution in accordance with the terms of the General Resolution) is insufficient to make the payments required to be made from such Funds (other than to pay the Annual Institution Fee (Subordinate), (other than deferred amounts included as Operating Expenses), or the Annual Managing Agent’s Fee (Subordinate)), CUNY shall transfer to the Trustee the amount of such deficiency in the applicable Fund.
2. Not later than eight (8) days following receipt of notice from the Trustee that the amount on deposit in the Operating Fund held under the Senior Resolution (following transfers to such Funds from the other Funds held under the Senior Resolution in accordance with the terms of the Senior Resolution) is insufficient to make the payments required to be made from such Funds, CUNY shall transfer to the Trustee under the Senior Resolution the amount of such deficiency in the Operating Fund.

CUNY will pay amounts due under the Support Agreement from legally available funds of CUNY in the following order of priority: first, with amounts CUNY received from operation of the Project; second, with other monies legally available to it (other than funds appropriated to it by the State or the City of New York); and third, from any other monies legally available to it for such purpose.

No approval by the City or State, or any agency of the City or State, is required for CUNY to make any payment under the Support Agreement from monies legally available to CUNY for such purpose.

CUNY, with the consent of DASNY (which consent shall not be unreasonably withheld or delayed), may cease, or cause the cessation of, operation of the Project (i) at any time that CUNY is making payments under the Support Agreement or (ii) if CUNY has made, but is not then required to make, any payments under the Support Agreement, at any time within four (4) months after making a payment; provided that, in either case, (w) all obligations of the Institution under the Loan Agreement, other than those relating to operating the Project, shall remain in full force and effect and the Support Agreement shall remain in full force and effect, (x) such cessation shall be effected in a manner that will not violate any leases or licenses with residents at the Project and (y) unless the Loan Agreement is being assigned contemporaneously by the Institution in accordance with Section 12(3) of the Loan Agreement, counsel reasonably acceptable to the Institution delivers an opinion to the effect that the cessation of the operation of the Project does not cause the Institution to lose its status as a “disregarded entity” for federal income tax purposes or EHS to become an organization not described in Section 501(c)(3) of the Code and does not cause the Institution to breach any provision of its limited liability company agreement. At the direction of DASNY to be given only at the request of CUNY in accordance with Section 2.5 of the Support Agreement so long as CUNY is not in default under the Support Agreement,

the Institution shall assign to CUNY or another designee of DASNY or CUNY all of the rights and obligations of the Institution under the Loan Agreement, the Ground Lease, the Mortgage and the Project Management Agreement. The Institution shall be released from all obligations under the Loan Agreement following such assignment of the Loan Agreement except those relating to liabilities arising prior to the date of such assignment for which the Institution is generally liable under Section 10 of the Loan Agreement.

The Mortgage

The Project is constructed on land owned by DASNY that is leased to the Institution pursuant to the Ground Lease between DASNY and the Institution. Pursuant to the Mortgage, the Institution's obligations to DASNY under the Loan Agreement will be additionally secured by a subordinate leasehold mortgage on the Institution's leasehold interest in the Project and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith and a security interest in the leases or license agreements with Project residents. The Mortgage is subordinate to a Leasehold Mortgage from the Institution to DASNY that secures the Institution's obligations to DASNY under the Senior Loan Agreement. DASNY may, but has no present intention to, assign the Mortgage and such security interests to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interest in such fixtures, furniture and equipment, the security interest in leases or license agreements nor any proceeds therefrom, other than the Assigned Revenues, will be pledged to the Holders of the Series 2021 Bonds. Property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of DASNY and the Insurer but without the consent of the Trustee or the Holders of the Series 2021 Bonds.

Events of Default and Acceleration

The Resolution provides that events of default thereunder and under the Series 2021 Resolution constitute events of default. The following are events of default under the Resolution: (i) a default in the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on the Series 2021 Bonds; (ii) a default by DASNY in the due and punctual performance of any other covenant, condition, agreement or provision contained in the Series 2021 Bonds or in the Resolution or in the Series 2021 Resolution which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given at the Trustee's discretion or at the written request of the Insurer or the Holders of not less than 25% in principal amount of Outstanding Series 2021 Bonds); and (iii) an "Event of Default," as defined in the Loan Agreement, shall have occurred and is continuing and all sums payable by the Institution under the Loan Agreement shall have been declared immediately due and payable (unless such declaration shall have been annulled).

An event of default by CUNY under the Support Agreement is an event of default under the Loan Agreement. Upon an event of default under the Loan Agreement, if no Series 2005 Bonds are Outstanding under the Senior Resolution, or if the principal of all Series 2005 Bonds Outstanding under the Senior Resolution has been declared to be due and payable under the Senior Resolution, DASNY may declare all sums payable by the Institution thereunder to be immediately due and payable, resulting in an event of default under the Resolution as described above. Unless all sums payable by the Institution under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

If no Series 2005 Bonds are Outstanding under the Senior Resolution, or if the principal of all Series 2005 Bonds Outstanding under the Senior Resolution has been declared to be due and payable under the Senior Resolution, the Resolution provides that if an event of default occurs and continues, the Trustee shall, upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Series 2021 Bonds by written notice to DASNY, declare the principal of and interest on all the Outstanding Bonds to be due and payable immediately. At the expiration of 30 days from the giving of such notice, such principal and interest shall become immediately due and payable. The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of the Series 2021 Bonds then Outstanding annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Insurer for the Series 2021 Bonds may exercise the rights for the Holders of such Series 2021 Bonds, provided there is no current uncured Insurer Default, and requests by the Holders shall be accompanied by the consent of the Insurer.

The Insurer or the Holders of not less than 25% in principal amount of the Outstanding Series 2021 Bonds with the consent of the Insurer shall have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee.

The Resolution provides that the Trustee shall give notice in accordance with the Resolution of each event of default known to the Trustee (i) to the Insurer, the Institution and CUNY within five days, and (ii) to the Holders of the Series 2021 Bonds within 30 days, 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, Sinking Fund Installments or Redemption Price of, or interest on, any of the Series 2021 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 Series 2021 Bonds.

Issuance of Additional Bonds

In addition to the Series 2021 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance the costs of student housing facilities on the campus of CCNY, making deposits to certain reserve funds, the payment of certain costs in connection therewith, and the refunding of Outstanding Bonds or other notes or bonds of DASNY issued on behalf of the Institution for such purposes. All Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with each other. The Resolution precludes the issuance of any additional bonds under the Senior Bond Resolution.

General

The Series 2021 Bonds will not be a debt of the State, the City or CUNY nor will the State, the City or CUNY be liable thereon. DASNY has no taxing power. See "PART 8 - DASNY."

PART 3 - THE SERIES 2021 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2021 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2021 Resolution, the 2021 Bond Series Certificate and the Loan Agreement, copies of which are on file with DASNY and the Trustee. See also "Appendix D - Summary of Certain Provisions of the Loan Agreement" and "Appendix E - Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2021 Bonds.

Description of the Series 2021 Bonds

The Series 2021 Bonds will be issued pursuant to the Resolution and the Series 2021 Resolution, will be dated their date of delivery, and will bear interest from such date (payable February 1, 2022 and on each February 1 and August 1 thereafter) at the rates, and will mature at the times set forth on the inside cover page of this Official Statement. Interest on the Series 2021 Bonds shall accrue based upon a 360-day year of twelve 30-day months.

The Series 2021 Bonds will be issued as fully registered bonds. The Series 2021 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2021 Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2021 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2021 Bonds, the Series 2021 Bonds will be exchangeable for other fully registered Series 2021 Bonds in any other 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 Resolutions. See "Book-Entry Only System" herein.

Interest on the Series 2021 Bonds will be payable 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 Record Date. The principal or redemption price of the Series 2021 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 Series 2021 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.

Redemption Provisions

The Series 2021 Bonds are subject to optional and special redemption, and to purchase in lieu of redemption, as described below.

Optional Redemption

The Series 2021 Bonds are subject to redemption prior to maturity at the option of DASNY on or after August 1, 2031, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2021 Bonds to be redeemed, plus accrued interest to the redemption date.

Special Mandatory Redemption

The Series 2021 Bonds shall be subject to mandatory redemption on October 1 of each year commencing October 1, 2022 in inverse order of maturity, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, from Surplus Revenues for Redemption. "Surplus Revenues for Redemption" means (i) amounts remaining on deposit in the Revenue Fund under the General Resolution after August 1 and before August 20 of each year after application pursuant to the Senior Resolution and the General Resolution for payment of operating expenses, payment of debt service on the Series 2005 Bonds and the Series 2021 Bonds, required deposits to the Arbitrage Rebate Fund, Debt Service Reserve Fund, Repair & Replacement Fund and the Operating Reserve Fund held under the Senior Resolution or the General Resolution and payment of certain fees less (ii) any amounts paid by CUNY under the Support Agreement for the Series 2005 Bonds and/or the Support Agreement for the Series 2021 Bonds during the year ended on the July 31 preceding such August 1. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS - Flow of Funds" for a description of the application of amounts on deposit in the Revenue Fund. Debt service on the Series 2005 Bonds through July 1, 2023 and on the Series 2021 Bonds through August 1, 2023 will be paid with proceeds of the Series 2021 Bonds and therefore during that period Revenues will only be needed to pay operating expenses, make required deposits and pay certain fees. CUNY may support the Project, and from time to time has done so, by renting beds for CUNY students and faculty, which amounts are not considered payments under a Support Agreement but are considered Revenues for purposes of the General Resolution.

Special Redemption

The Series 2021 Bonds are also subject to redemption, in whole or in part, at 100% of the principal amount thereof, at the option of DASNY on any Interest Payment Date, from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project or the Mortgaged Property; provided, however, that so long as the Series 2005 Bonds remain outstanding, the Series 2021 Bonds may not be redeemed from such proceeds prior to the redemption of the Series 2005 Bonds from such proceeds pursuant to the Senior Resolution.

Selection of Series 2021 Bonds to be Redeemed

In the case of redemptions of Series 2021 Bonds described above under the heading "Optional Redemption", DASNY will select the maturities (and interest rates, if applicable) of the Series 2021 Bonds to be redeemed. In the case of redemptions of Series 2021 Bonds described above under the heading "Special Mandatory Redemption", the Series 2021 Bonds will be redeemed in inverse order of maturity. In the case of redemption of Series 2021 Bonds described above under the heading "Special Redemption," the Series 2021 Bonds will be redeemed to the extent practicable pro rata among maturities within the Series 2021 Bonds to be redeemed. The Series 2021 Bonds to be redeemed shall be in authorized denominations and the selection of Series 2021 Bonds to be redeemed on a pro rata basis shall be performed in such a manner that results in all of the remaining outstanding Series 2021 Bonds being in authorized denominations.

If the Series 2021 Bonds are registered in DTC book-entry form and less than all of the Series 2021 Bonds of a maturity are to be redeemed, the particular Series 2021 Bonds of such maturity or portions thereof to be redeemed are to be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC operational procedures then in effect. Such procedures currently provide for adjustment of the principal by a factor provided by the Trustee. If the Trustee does not provide the necessary information or does not identify the redemption as on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2021 Bonds will be selected for redemption in accordance with DTC procedures by lot. It is expected that redemption allocations to be made by DTC, the DTC Participants or such other intermediaries that may exist between DASNY and the owners of the Series 2021 Bonds would be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, no assurance can be provided that DTC, the DTC Participants or any other intermediaries will allocate redemptions among the owners on such basis. If operational procedures of DTC (or of any successor depository) do not allow for the redemption of the Series 2021 Bonds on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2021 Bonds will be selected for redemption by lot.

If the Series 2021 Bonds are not registered in book-entry form and less than all of a maturity of the Series 2021 Bonds of such maturity are to be redeemed, the Series 2021 Bonds of such maturity to be redeemed will be selected by the

Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion as provided in the Bond Resolution.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2021 Bonds in the name of DASNY which notice shall be given by first-class mail, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date to the registered owners of any Series 2021 Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2021 Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2021 Bond.

If on the redemption date moneys for the redemption of the Series 2021 Bonds or portions thereof 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 shall have been mailed, then interest on the Series 2021 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2021 Bonds will no longer be considered to be Outstanding under the Resolution and the Series 2021 Resolution.

Principal and Interest Requirements for the Series 2021 Bonds

The following table sets forth the amounts required to be paid by the Institution during each twelve month period ending July 31 of the Bond Years shown for the payment of the interest on the Series 2021 Bonds payable on February 1 of such year and the principal and interest on the Series 2021 Bonds payable on the succeeding August 1 and the aggregate payments to be made by the Institution during each such period with respect to the Series 2021 Bonds.

12 Month Period Ending July 31	Total Debt Service on the Series 2005 Bonds¹	Principal Installments on the Series 2021 Bonds	Interest Payments on the Series 2021 Bonds²	Total Debt Service on the Series 2021 Bonds²	Total Debt Service^{1,2}
2021	—	—	—	—	—
2022	—	—	—	—	—
2023	—	—	—	—	—
2024	4,452,125	—	405,745	405,745	4,857,870
2025	4,457,700	—	405,745	405,745	4,863,445
2026	4,461,450	—	405,745	405,745	4,867,195
2027	4,463,113	—	405,745	405,745	4,868,858
2028	4,467,425	—	405,745	405,745	4,873,170
2029	4,473,863	—	405,745	405,745	4,879,608
2030	4,476,900	—	405,745	405,745	4,882,645
2031	4,486,275	—	405,745	405,745	4,892,020
2032	4,492,625	—	405,745	405,745	4,898,370
2033	4,498,250	—	405,745	405,745	4,903,995
2034	4,502,600	—	405,745	405,745	4,908,345
2035	4,510,125	—	405,745	405,745	4,915,870
2036	—	4,230,000	405,745	4,635,745	4,635,745
2037	—	4,355,000	278,845	4,633,845	4,633,845
2038	—	4,495,000	143,840	4,638,840	4,638,840

¹ Does not include the principal of or interest on the Series 2005 Bonds to be defeased in the years ending July 31, 2021, 2022 and 2023 or the interest to be paid on the other Series 2005 Bonds from July 1, 2021 through and including July 1, 2023 from proceeds of the Series 2021 Bonds and amounts already on deposit in the debt service fund for the Series 2005 Bonds.

² Does not include the interest on the Series 2021 Bonds through August 1, 2023 to be paid from proceeds of the Series 2021 Bonds.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 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 2021 Bond certificate will be issued for each maturity of the Series 2021 Bonds, each in the aggregate principal amount of such maturity of such Series, and will be deposited with DTC.

DTC, the world's largest securities depository, 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"). 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 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 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 2021 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 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2021 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 2021 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 2021 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 2021 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 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.

DTC may discontinue providing its services as depository with respect to the Series 2021 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 2021 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 2021 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 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 2021 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 2021 BONDS.

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2021 Bonds (other than under the caption "PART 12 — TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2021 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 2021 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.

DASNY, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2021 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2021 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by DASNY or restricted registration is no longer in effect, Series 2021 Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, THE TRUSTEE OR THE UNDERWRITER 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 2021 BONDS UNDER THE RESOLUTION; (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 2021 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 2021 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2021 BONDS; OR (VI) ANY OTHER MATTER.

PART 4 - THE INSTITUTION

The Institution is a Delaware limited liability company, a bankruptcy-remote special purpose entity whose sole member is EHS, a New York not-for-profit corporation incorporated in 1987 that is exempt from federal income taxes under Section 501(c)(3) of the Code. As required by the limited liability company agreement of the Institution, the

Institution has, and shall have at all times so long as any indebtedness, liabilities and obligations of the Institution are outstanding, an independent manager who shall be admitted as a special member in the event that EHS ceases to be a member of the Institution. For federal income tax purposes, the Institution is disregarded with respect to EHS. The Institution’s sole activities relate to the operation and management of the Project.

The Institution’s obligations with respect to the operation of the Project and its obligation to make loan payments under the Loan Agreement in amounts sufficient to pay the principal and interest on the Series 2021 Bonds are payable solely from the Assigned Revenues derived by the Institution from the Project, the interest of the Institution in the Project and the Mortgaged Property revenues, and other receipts derived from the Institution’s interest in and/or operation of the Project after payment of the Institution’s obligations under the Senior Loan Agreement and no other revenues or assets of the Institution will be available therefor.

The Project

DASNY issued the Series 2005 Bonds to fund a loan to EHS to finance the construction of the Project, the approximately 600-bed student housing facility known as the Towers at CCNY, to be leased to EHS and located on the CCNY campus in Manhattan. The Towers at CCNY opened in Fall 2006 and since opening has been, and continues to be, managed by Capstone On-Campus Management LLC (the “Managing Agent”) pursuant to a Project Management Agreement. On October 31, 2008, EHS assigned its rights and obligations to the Project and all related documents to the Institution. The Project provides secure on-campus housing for CCNY and CUNY students and is the only CUNY-sponsored housing facility at CCNY.

Overview of the Project

The unit mix of the Project is reflected in the table below:

Unit Type	# of Units	# of Beds
Four Bed, Two Bath	64	256
Three Bed, Two Bath	5	15
Two Bed, One Bath	140	280
One Bed, One Bath	12	24
Faculty Studio	7	7
Faculty One Bed	5	5
Staff Two Bed	1	2

Source: *Capstone On-Campus Management LLC*

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EHS TOWERS LLC

Below are historical operating results and debt service coverage information for the Project for the last three (3) years and five (5) fiscal years ending December 31, respectively.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating revenues:			
Rental income	\$8,611,192	\$ 8,367,653	\$3,826,509
Conference income	682,300	608,523	34,128
Other operating income	155,247	173,100	95,822
Total operating revenues, without donor restrictions	9,448,739	9,149,276	3,956,459
Operating expenses and losses:			
<u>Program expenses</u>			
Payroll	580,113	629,960	588,221
Utilities	632,898	585,269	560,211
Net transfers to trustee*	5,957,782	5,360,029	337,866
Building maintenance	499,765	532,727	318,686
Common Area	251,184	270,090	182,467
Insurance	69,137	93,398	138,467
Depreciation	9,965	38,344	60,255
Bad debt expense	137,649	95,261	32,570
Advertising	18,039	20,782	15,137
Ground maintenance	12,250	12,520	10,397
Rental	6,347	20,577	1,712
Total program expenses	8,175,129	7,658,957	2,245,989
<u>Management and general expenses</u>			
Institution fees	246,974	251,457	906,644 **
Management fees	340,293	350,502	361,017
Administrative	391,326	462,231	226,143
Total management and general expenses	978,593	1,064,190	1,493,804
<u>Losses:</u>			
Casualty loss / (recovery) on building	28,813	(920)	-
Total expenses and losses, without donor restrictions	9,182,535	8,722,227	3,739,793
Change in net assets, without donor restrictions	\$ 266,204	\$ 427,049	\$ 216,666

* Net transfers to Trustee represent total operating revenues less amounts transferred to the Managing Agent to fund operating expenses. The net transfer of funds is held by Trustee for payment of debt service and surplus, if any.

** Includes \$692,656 of additional accrual due on account of a change in fee structure applied retrospectively.

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Project Debt Service Coverage Ratio
Years Ended Dec. 31, 2016 – 2020 (Unaudited)

Years ended December 31

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Change in Net Assets	\$ (25,938)	\$ 32,028	\$ 266,204	\$ 427,049	\$ 216,666
Plus: Net transfers to Trustee*	5,833,994	5,816,845	5,957,782	5,360,029	337,866
Plus: Subordinate management fees	320,758	330,382	340,293	350,502	361,017
Plus: Subordinate institution fees	185,156	231,664	246,974	251,457	906,644
Plus: Depreciation	<u>4,772</u>	<u>4,753</u>	<u>9,965</u>	<u>38,344</u>	<u>60,255</u>
Total Monies Available for Debt Service Coverage	6,318,742	6,415,672	6,821,218	6,427,381	1,882,448
Debt Service Requirement	\$ 4,391,188	\$ 4,389,138	\$ 4,390,675	\$ 4,392,356	\$ 4,389,050
Debt Service Coverage Ratio	<u>1.44</u>	<u>1.46</u>	<u>1.55</u>	<u>1.46</u>	<u>0.43</u>

* Net transfers to Trustee represent total operating revenues less amounts transferred to the Managing Agent to fund operating expenses. The net transfer of funds is held by Trustee for payment of debt service and surplus, if any.

The budget for the Project for the 2020-21 academic year was prepared prior to the COVID-19 pandemic and reflected revenues sufficient to cover expenses and debt service in compliance with the covenants relating to the Series 2005 Bonds. However, due to the COVID-19 pandemic and its impact on occupancy of the Project, actual revenues received in the 2020-21 academic year were not sufficient to cover these costs. The deficiency was addressed by using a combination of: (i) amounts held by the Trustee in the Revenue Fund for the Series 2005 Bonds from prior years' revenues, (ii) amounts that became available due to reductions in operating expenses; and (iii) Project surpluses from prior years held by CUNY in the amount of \$1,130,000 that were released for use in support of the Project. No payment was required to be made by CUNY under the Support Agreement.

Revenue and operating results of the Project have been substantially affected by the COVID-19 pandemic. Prior to the onset of the COVID-19 pandemic, the Project was generally over 95% occupied during each academic year. According to the Managing Agent, average occupancy during the 2020-21 academic year dropped to approximately 17%. Student license agreements at the Project are currently being executed with respect to occupancy for the Fall 2021 academic term, with the Managing Agent reporting that executed license agreements as of May 27, 2021 represent approximately 31% of the Project's full occupancy. The Institution expects that student license agreements at the Project will continue to be executed during the upcoming months but can give no assurance as to the occupancy level of the Project for Fall 2021 or future years. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Security for the Series 2021 Bonds" and "– Assigned Revenues", "PART 5 – CITY UNIVERSITY OF NEW YORK – COVID-19 Response and Planning", "PART 9 – CERTAIN BONDHOLDERS' RISKS – COVID-19, – Limited Obligations of DASNY, the Institution and CUNY, – Tax-Exempt Status of the Institution, – Risk of Substantive Consolidation, and – Enforceability of Remedies; Effect of Bankruptcy", "Appendix B – Special Purpose Financial Statements of EHS Towers LLC and "Appendix D – Summary of Certain Provisions of the Loan Agreement."

PART 5 – CITY UNIVERSITY OF NEW YORK

CUNY's mission is to provide broad access to higher education of the highest quality to the people of the City. CUNY comprises eleven senior colleges (the "Senior Colleges"), seven community colleges (the "Community Colleges") and seven graduate, honors and professional schools. During the Fall of 2020 approximately 178,619 students were enrolled in academic programs offered at Senior College campuses located throughout the five boroughs of the City.

CUNY was established in 1961 by combining existing educational institutions into one university. The oldest unit of CUNY is CCNY, which was founded in 1847. Each of the Senior Colleges is accredited by the Middle States Association of Colleges and Secondary Schools, and all programs offered are authorized by the Regents of the University of the State

of New York and are registered with the New York State Education Department. In addition, many of the individual colleges, schools and programs in CUNY are accredited by other appropriate professional, educational and institutional associations.

COVID-19 Response and Planning

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. In response to the pandemic, various policies were implemented by federal, state and local governments, including the closure of colleges and universities within the City, the State and nationwide.

CUNY announced on March 11, 2020 that effective on March 19, 2020, in response to the threat presented by the spread of the coronavirus, also known as COVID-19, and in an effort to reduce the density of faculty, staff and students on the CUNY campuses, that all CUNY academic courses would be moved online or alternatively to a distance learning modality. CUNY's conversion of Spring 2020 courses to online and distance learning was enabled by the flexibility provided by guidance from the US Department of Education ("USDE"), New York State Education Department ("NYSED"), Middle States Commission on Higher Education ("MSCHE") and the Student and Exchange Visitor Program ("SEVP") regarding the conversion of the teaching modality for courses/programs already in progress. On March 20, 2020, Governor Andrew M. Cuomo announced executive order 202.6 or the "New York State on PAUSE" executive order, a 10-point policy directive, which Executive Order included a directive that all non-essential businesses statewide must close in-office personnel functions and temporarily ban all non-essential gatherings of individuals of any size for any reason resulting in the temporary conversion of all in-person CUNY student support services to be delivered remotely.

On April 2, 2020, NYSED extended temporary approval to institutions of higher education in the State that wished to offer courses and programs online that were not previously registered with NYSED in the distance education format to include the Summer 2020 term academic course and programs. On May 15, 2020, USDE extended the waiver it had previously issued for the Spring 2020 conversion of in-person courses/programs to distance education to the Fall 2020 term. On May 20, 2020, following USDE action, NYSED extended its waiver of registration of academic programs in the distance education format due to the continuing COVID-19 pandemic public health emergency, granting flexibility to institutions of higher education in the State of New York to offer online courses in programs without triggering the need to register with NYSED the distance education format to the program for the Fall 2020 semester. CUNY's faculty, staff, and students successfully implemented an online and distance learning conversion process for the majority of its academic courses and support services for the remainder of its Spring 2020 Semester and its Summer Term and developed alternatives for safeguarding the completion of courses not easily converted to said modalities.

On May 15, 2020, a Coronavirus Planning Task Force was charged with the development of a comprehensive plan for the safe and gradual return of students to campus for Fall 2020.

On July 9, 2020, the CUNY's Board of Trustees endorsed CUNY's plan to offer its academic courses and programs for many of its academic courses and support services in an online modality and remote format for the Fall Semester 2020 and Spring Semester 2021 – with exceptions being made for courses that could not be effectively delivered at a distance, such as those courses which are highly experiential, or services that involved some form of tangible exchange, such as food pantries. The information below summarizes the timeline of events, activity and decisions related to COVID-19, during the 2020-2021 academic year and fiscal year 2021.

Fall 2020

- Fall 2020 classes began on August 26, 2020, offering mostly online format with the exception of courses that could not be effectively delivered at a distance.
- 94.57% classes were online and 5.43% classes were either in person or hybrid modality.
- Use of daily wellness screenings through the Everbridge software platform, face coverings, social distancing, space modifications, enhanced cleaning, improved ventilation systems, movement to virtual student programming and cancellation of all CUNY travel to monitor safety and reduce risk.
- CUNY continually monitored the State's Early Warning Monitoring Dashboard and the State's phased reopening plan, while tracking its own infection rates and quarantine capacity.
- The Coronavirus Aid and Relief Economic Security Act (the "CARES Act") was signed into law on March 27th, 2020. As per the allocation methodology approved by the USDE, CUNY colleges and schools were eligible to receive around \$251 million, of which approximately \$118 million was distributed as emergency grants to CUNY students and approximately \$133 million was distributed to colleges to defray expenses and lost revenue associated with the COVID-19 pandemic. As of March 31, 2021, CUNY has drawn down around \$170 million from its allocation of CARES funding.

- The Coronavirus Response and Relief Supplemental Appropriations Act (the “CRRSAA”) was passed and signed into law on December 27, 2020. As per the allocation methodology approved by the USDE, CUNY colleges and schools are eligible to receive around \$479 million, of which approximately \$118 million are being distributed as emergency grants to CUNY students and approximately \$361 million to the colleges to defray their expenses and lost revenue associated with the COVID-19 pandemic.

Spring 2021

- Spring classes began on January 29, 2021, offering mostly online format with the exception of courses that could not be effectively delivered at a distance.
- 98.1% classes were online and 1.9% classes were either in person or hybrid modality.
- On March 11, 2021, the Federal American Rescue Plan Act (the “ARPA”) was passed and signed into law. As per the allocation methodology approved by NYSED, CUNY colleges and schools may be eligible to receive around \$800 million, to defray expense associated with COVID-19. These funds may be allocated over a multi-year period. CUNY’s budget for fiscal year 2021 did not include these funds, and CUNY is not expected to apply the funds to fiscal year 2021 financial operations.
- As of Spring of 2021, CUNY campuses are preparing for a safe and gradual return to in-person instruction and support services in time for the start of classes in Fall 2021.

CUNY is projected to end FY2021 in a positive condition with the assistance of federal stimulus funds. This financial result projects the use of \$150 million in CARES and CRRSAA funds to offset unplanned expenses and lost revenue as a result of the pandemic, and for tuition and fee refunds provided to students. Examples of unplanned expenses include the purchasing of laptops, iPads and personal hotspots for students to enhance the distance learning modality, professional development for faculty in teaching online courses, and providing additional health and wellness services to students. CUNY took cost-mitigating actions related to COVID-19 disruptions, including curtailing operating expenses through hiring freezes, lowering spending across all CUNY units, generating savings from the transition to distance learning, and eliminating all non-essential travel. At this time, CUNY cannot forecast with the accuracy the enrollment levels for the Fall 2021 semester. CUNY campuses are expected to open fully for the Fall 2021 semester, with instruction delivered in-person or through distance learning, or through a hybrid model by the combination of both.

The COVID-19 pandemic caused disruptions to businesses nationwide and globally, including higher education institutions. CUNY leadership continues to actively monitor the public health crisis, working closely with local and state public health officials while following safety guidelines from governmental and health authorities to ensure compliance. Management has made timely decisions to minimize the risk of spreading the virus on its campuses and surrounding communities while ensuring student success and fiscal stability.

Governance

CUNY, prior to July 1, 1979, was governed by the Board of Higher Education in the City of New York (the “Board of Higher Education”). Pursuant to legislation adopted in 1979, the Board of Higher Education was continued as a corporate entity, but was restructured and renamed The City University of New York to be governed and administered by the Board of Trustees.

The Board of Trustees is composed of seventeen trustees, ten of whom are appointed by the Governor and five of whom are appointed by the Mayor of the City, all with the advice and consent of the State Senate. The chairperson of the student senate of CUNY is an ex officio voting trustee and the chairperson of the faculty senate of CUNY is an ex officio non-voting trustee. The term of office of each of the appointed trustees is seven years, and the terms are staggered. By law, trustees whose term of office has expired continue to serve until a successor is chosen and qualified.

Under the general direction of the Board, the administration and academic programs of CUNY are carried out by the Chancellor and officers of CUNY and by the presidents of the various colleges of CUNY.

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Student Enrollment

Below are tables which provide information relating to CUNY enrollment, excluding Community Colleges.

Total Enrollment, Excluding Community Colleges

Fall 2020

College	Undergraduate			Graduate			Total		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Baruch	12,421	3,353	15,774	780	3,186	3,966	13,201	6,539	19,740
Brooklyn	11,401	3,568	14,969	537	2,229	2,766	11,938	5,797	17,735
City College	9,847	2,740	12,587			2,243	10,444	4,386	14,830
Hunter	13,753	4,190	17,943	1,739	4,370	6,109	15,492	8,560	24,052
John Jay	11,270	2,392	13,662	474	1,630	2,104	11,744	4,022	15,766
Lehman	8,380	4,453	12,833	285	1,973	2,258	8,665	6,426	15,091
Medgar	3,856	1,381	5,237	0	0	0	3,856	1,381	5,237
NYCCT	9,846	5,667	15,513	0	0	0	9,846	5,667	15,513
Queens	12,479	4,223	16,702	474	2,524	2,998	12,953	6,747	19,700
Staten Island	9,302	2,453	11,755	236	806	1,042	9,538	3,259	12,797
York	4,927	2,602	7,529	154	101	255	5,081	2,703	7,784
Graduate	0	0	0	3,045	516	3,561	3,045	516	3,561
Journalism	0	0	0	196	13	209	196	13	209
Professional Studies	701	2,126	2,827	41	1,346	1,387	742	3,472	4,214
Labor and Urban Studies	13	133	146	12	236	248	25	369	394
Public Health	0	0	0	283	639	922	283	639	922
Law School	0	0	0	455	222	677	455	222	677
Medical School	0	0	0	323	74	397	323	74	397
Total	108,196	39,281	147,477	9,631	21,511	31,142	117,827	60,792	178,619

Full-Time Equivalent (FTE) Enrollment, Excluding Community Colleges Fall 2020

College	Undergraduate FTEs	Graduate FTEs	Total FTEs
Baruch	13,423	2,737	16,160
Brooklyn	12,656	1,721	14,377
City College	10,344	1,451	11,795
Hunter	14,823	4,271	19,094
John Jay	11,521	1,327	12,848
Lehman	9,736	1,357	11,093
Medgar	4,205	0	4,205
NYCCT	11,648	0	11,648
Queens	13,915	1,856	15,771
Staten Island	10,232	691	10,923
York	5,604	249	5,853
Journalism	0	250	250
Professional Studies	1,434	562	1,996
Labor and Urban Studies	61	99	160
Public Health	0	614	614
Graduate	0	2,746	2,746
Law School	0	725	725
Medical School	0	610	610
Total	119,602	21,266	140,868

Trends in Total Enrollment: Fall 2016-Fall 2020, Excluding Community Colleges

Undergraduate FTE Enrollment

College	2016	2017	2018	2019	2020
Baruch	12,295	12,360	12,318	12,845	13,423
Brooklyn	11,451	11,843	12,217	12,369	12,656
City College	10,591	10,593	10,655	10,533	10,344
Hunter	13,323	13,570	14,076	13,889	14,823
John Jay	10,157	10,497	11,004	11,433	11,521
Lehman	7,906	8,506	9,158	9,434	9,736
Medgar	5,356	5,287	5,198	4,587	4,205
NYCCT	12,918	13,019	12,749	12,503	11,648
Queens	13,218	13,443	13,600	13,786	13,915
Staten Island	10,479	10,459	10,459	9,974	10,232
York	5,807	5,830	5,884	5,872	5,604
Journalism	0	0	0	0	0
Professional Studies	858	1,006	1,008	1,132	1,434
Labor and Urban Studies	0	0	60	57	61
Public Health	0	0	0	0	0
Graduate	0	0	0	0	0
Law School	0	0	0	0	0
Medical School	0	0	0	0	0
Total	114,359	116,413	118,386	118,414	119,602

Graduate FTE Enrollment

College	2016	2017	2018	2019	2020
Baruch	2,091	2,059	1,995	2,224	2,737
Brooklyn	1,923	1,933	1,906	1,728	1,721
City College	1,529	1,517	1,474	1,497	1,451
Hunter	4,183	4,131	4,036	4,191	4,271
John Jay	1,086	1,192	1,292	1,338	1,327
Lehman	1,173	1,250	1,242	1,215	1,357
Medgar	0	0	0	0	0
NYCCT	0	0	0	0	0
Queens	1,904	1,864	1,821	1,803	1,856
Staten Island	630	668	668	673	691
York	119	155	211	228	249
Journalism	258	251	279	281	250
Professional Studies	364	416	430	501	562
Labor and Urban Studies	0	0	90	80	99
Public Health	358	344	364	481	614
Graduate	2,981	2,902	2,747	2,778	2,746
Law School	498	530	630	669	725
Medical School	161	310	448	560	610
Total	19,258	19,522	19,633	20,247	21,266

Annual Financial Information

Set forth below is certain financial information with respect to CUNY derived from the financial statements for CUNY for the fiscal years ended June 30, 2018 through June 30, 2020. The Project is available first to CCNY students and then to other CUNY students. As such, if payments are required under the Support Agreement, CUNY expects to utilize all legally available moneys of CUNY to make payments under the Support Agreement.

THE CITY UNIVERSITY OF NEW YORK
Schedule of Revenues, Expenses, and Changes in Net Assets
Senior Colleges (In thousands)**

	2018	2019	2020
Revenues:			
Tuition and fees, net	791,741	830,811	825,613
Grants and contracts			
Federal	137,640	142,917	143,216
New York State	409,794	405,624	404,053
New York City	199,381	219,119	216,407
Private	124,006	154,044	154,915
Sales and services of auxiliary enterprises	40,739	41,438	34,533
Other revenue	87,339	92,493	74,673
Total Revenue	1,790,640	1,886,446	1,853,410
Expenses:			
Instruction	2,022,939	2,158,342	2,234,588
Research	183,913	177,551	168,174
Public service	44,866	78,872	84,139
Academic support	323,778	234,995	233,384
Student services	437,417	415,425	434,467
Institutional support	683,409	692,590	689,496
Operating and maintenance of plant	496,140	554,665	586,124
Scholarships and fellowships	365,773	408,976	523,441
Auxiliary enterprises	52,521	56,665	50,328
Depreciation and amortization	254,490	263,621	272,681
OPEB	160,598	213,979	183,909
Operating Expenses	5,025,844	5,255,681	5,460,731
Net Operating / Income (Loss)	(2,592,295)	(2,714,998)	(3,607,321)
Non-Operating Revenues / (Expenses)			
Government appropriations			
New York State	1,516,153	1,581,553	1,638,615
New York City	526,006	555,120	585,296
Federal	642,909	654,237	785,809
Private gifts, grants and contracts	91,347	80,611	79,024
Investment income, net	28,602	47,446	46,269
Interest expense	(225,799)	(272,943)	(217,276)
Net appreciation in fair value of investments	56,466	36,171	6,911
Other non-operating revenues	25,690	11,210	27,350
Capital appropriations	505,387	582,586	421,972
Additions to permanent endowments	45,215	26,555	11,540
Total Non-Operating Revenues / (Expenses)	3,211,976	3,302,546	3,385,510
Operating Income / (Loss) incl. Non-Operating	(23,228)	(66,689)	(221,811)
Effect of adoption of GASB 75	(699,604)	-	-
Increase / (Decrease) in Net Assets	(722,832)	(66,689)	(221,811)

** Prior year balances for the years ended June 30, 2019 and 2018 have been reclassified or restated to conform to the presentation for the fiscal year ending 2020.

CUNY's audited financial statements for the fiscal years ended June 30, 2020 and June 30, 2019 are included in Appendix C herein.

State Appropriations

CUNY's revenues include financial assistance from the State and City in the amount of approximately \$2.7 billion for 2019 and \$2.6 billion for 2020 representing 49% and 48%, respectively, of total CUNY revenue. CUNY expects to receive a similar level of support from this source during 2021. Future State aid depends on annual appropriations by the Legislature and the ability of the State and City to pay the amount appropriated.

Tuition and fee payments constitute a significant portion of CUNY's revenues. The total amounts for tuition and fees for the last two years are approximately \$1.8 billion for fiscal year ending June 30, 2019 and \$1.8 billion for fiscal year ending June 30, 2020. The tuition budgets are appropriated by the State and City as revenue targets that CUNY earns through tuition and fees realized by its colleges. The tuition and fee revenues are deposited with City University Construction Fund ("CUCF") towards CUNY's revenue target and are available to CUNY subject to State and City appropriation. Certain of CUNY's revenues, including tuition and fees, are restricted as to their use or may require further action in order to be legally available for payment of CUNY's obligations under the Support Agreement.

The State and City are not legally required to make appropriations to CUNY and neither the State nor City may make any payment except pursuant to an appropriation. If, however, appropriations are made which have not lapsed or been repealed and moneys are available therefor, the State or City are legally obligated to make the appropriated payments to CUNY.

Support Agreements

CUNY maintains support agreements (including the support agreement relating to the Series 2005 Bonds) for four constituent colleges for their residence halls, requiring CUNY to guaranty financial support for the repayment of related debt service obligations. As of the date hereof, CUNY has not been required to provide payments in connection with the existing support agreements. Moreover, the CUNY does not anticipate that it will be required to make any future payments under any existing support agreement to satisfy the debt service obligations of any such project. (See **Appendix C-City University of New York Financial Statements for Year ended June 30, 2020-Note 14 entitled "Support Agreements"**).

CUNY will pay amounts due under the Support Agreement from legally available funds of CUNY in the following order of priority: first, with amounts CUNY received from operation of the Project; second, with other monies legally available to it (other than funds appropriated to it by the State or the City of New York); and third, from any other monies legally available to it for such purpose. The failure of the State to appropriate CUNY institutional aid or tuition and fees or restrictions on the use of appropriations could adversely affect CUNY's ability to pay its obligations under the support agreements, including the Support Agreement.

Long-Term Debt

As of June 30, 2020, CUNY had long-term debt totaling approximately \$5.7 billion with a maximum annual debt service of \$544 million in fiscal year 2021. This debt consists primarily of capital lease obligations to DASNY relating to CUNY facilities financed with proceeds of DASNY's bonds. Annual debt service payments are paid by CUCF from moneys appropriated by the State and City to CUCF. If the State or City fails to appropriate and pay to CUCF an amount sufficient to pay annual debt service, moneys appropriated by the State for CUNY operating expenses are to be paid by the State Comptroller to CUCF for such purpose. In such event, CUNY's ability to meet its obligations under the Support Agreement may be impaired.

Litigation

There are various claims and pending litigation matters to which CUNY is a party. CUNY believes, based upon the opinions of the counsel handling such matters, that they would not individually, or in the aggregate, materially affect the ability of CUNY to meet its commitments.

PART 6 – PLAN OF DEFEASANCE AND FINANCE

A portion of the proceeds of the Series 2021 Bonds, together with other available funds, will be used to defease certain maturities of the Series 2005 Bonds, the maturities and principal amounts of which are listed below (referred to herein as the “Defeased Bonds”). Such proceeds and other available funds will be used to purchase securities permitted by the Senior Resolution for the defeasance of Bonds (the “Defeasance Securities”), the maturing principal of and interest on which will be sufficient, together with any uninvested cash, to pay the principal of and interest on the respective Defeased Bonds coming due on and prior to their respective maturity dates. See “PART 18 – VERIFICATION OF MATHEMATICAL COMPUTATIONS.” Simultaneously with the issuance and delivery of the Series 2021 Bonds, such Defeasance Securities will be deposited with the Trustee for the Series 2005 Bonds. At the time of such deposit, DASNY will give the Trustee irrevocable instructions to apply the maturing principal of and interest on the applicable Defeasance Securities, together with any uninvested cash, held in trust solely for the payment of the principal of and interest coming due on such Defeased Bonds.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Co-Bond Counsel to DASNY, upon making such deposits with the Trustee and the giving of such irrevocable instructions, the Defeased Bonds will, under the terms of the Senior Resolution, be deemed to have been paid, will no longer be outstanding and the Revenues or other moneys and securities pledged to such Defeased Bonds and all other rights granted to the holders of the Defeased Bonds by the Bond Resolution will be discharged and satisfied.

Defeased Bonds		
Maturity Date	Outstanding Principal Amount (\$)	Interest Rate (%)
07/01/2021	2,025,000	5.25
07/01/2022	2,135,000	5.25
07/01/2023	2,250,000	5.25

In addition to the defeasance of the Defeased Bonds, a portion of the proceeds of the Series 2021 Bonds will be deposited with the Trustee for the Series 2005 Bonds and used to purchase securities, the maturing principal of and interest on which will be sufficient, together with any uninvested cash, to pay all interest due on the other Series 2005 Bonds from July 1, 2021 through and including July 1, 2023.

A portion of the proceeds of the Series 2021 Bonds will be deposited with the Trustee and used to pay all interest due on the Series 2021 Bonds through August 1, 2023.

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PART 7 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of Series 2021 Bonds	\$ 13,080,000
Plus: Other Available Amounts	<u>1,012,859</u>
Total Sources	\$ 14,092,859

Uses of Funds

Deposit to Escrow Fund for Defeased Series 2005 Bonds	\$ 6,918,514
Escrowed Interest on other Series 2005 Bonds	5,200,091
Deposit to the Series 2021 Capitalized Interest Account	861,081
Costs of Issuance ¹	935,188
Underwriters' Discount	<u>177,985</u>
Total Uses	\$ 14,092,859

¹ Includes bond insurance premium, legal fees and associated costs relating to the Series 2021 Bonds.

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, 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 State Personal Income Tax Revenue Bonds and State Sales 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 Addiction Services and Supports, 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"), State University of New York, the Workers' Compensation Board, 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 March 31, 2021, DASNY had approximately \$59 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 State 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 536 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 47 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 June 19, 2013. 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 term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

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

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board 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 expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

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

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. 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 expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

JONATHAN H. GARDNER, ESQ., Buffalo.

Jonathan H. Gardner was appointed as a Member of DASNY by the Governor on June 17, 2014. Mr. Gardner is a partner of the law firm Kavinoky Cook, LLP in Buffalo, New York. His practice areas include corporate and securities law, commercial transactions, private placements, venture capital financing and business combinations representing private and public companies. Mr. Gardner is also an adjunct professor at the University of Buffalo Law School. He holds a Bachelor of Arts degree from Brown University and a Juris Doctor degree from the University of Chicago Law School. Mr. Gardner's term expired on March 31, 2015 and by law he continues to serve until a successor shall be chosen and qualified.

WELLINGTON Z. CHEN, Queens.

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expired on March 31, 2020 and by law he continues to serve until a successor shall be chosen and qualified.

JOAN M. SULLIVAN, Slingerlands.

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the NYS Office of State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. 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, New York. 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.

JANICE McKINNIE, Buffalo.

Janice McKinnie was appointed as a Member of DASNY by the Speaker of the Assembly on June 12, 2020. Ms. McKinnie is the Executive Director of True Community Development Corporation where she has led various housing rehabilitation and development projects and has formed strategic alliances with local and regional community groups to promote affordable housing and economic growth within the area of Buffalo. She is also the owner of Developments By JEM, LLC, a construction and project development consulting firm and a NYS certified M/WBE business. Ms. McKinnie is a graduate of the State University College of Buffalo and holds a Master's degree in organizational leadership from Medaille College.

BETTY A. ROSA, *Commissioner of Education of the State of New York*, Bronx; *ex-officio*.

Dr. Betty A. Rosa was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective February 8, 2021. Previously, Dr. Rosa assumed the role of Interim Commissioner of Education and President of the University of the State of New York from August 14, 2020 through

February 7, 2021. Dr. Rosa had served as a member of the Board of Regents and as Chancellor thereof from March 2016 through August 2020. She started her career with the NYC Department of Education as a paraprofessional and later served as a teacher, assistant principal, principal in the Bronx and, upon appointment, assumed the responsibilities of Superintendent of Community School District 8 then Senior Superintendent of the Bronx. Dr. Rosa is a nationally recognized education leader who has over 30 years of instructional and administrative experience with an expertise in inclusive education, cooperative teaching models, student achievement and policy implementation. She received a B.A. in psychology from the City College of New York and an Ed. M. and Ed. D. in Administration, Planning and Social Policy from Harvard University as well as two other Master of Science in Education degrees, one in Administration and Supervision and the other in Bilingual Education from the City College of New York and Lehman College respectively.

ROBERT F. MUJICA, JR., *Budget Director of the State of New York, Albany; ex-officio.*

Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. 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. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master's degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

HOWARD A. ZUCKER, M.D., J.D., *Commissioner of Health of the State of New York, Albany; ex-officio.*

Howard A. Zucker, M.D., J.D., was appointed Commissioner of Health on May 5, 2015 after serving as Acting Commissioner of Health since May 5, 2014. Prior to that, he served as First Deputy Commissioner leading the State Department of Health's preparedness and response initiatives in natural disasters and emergencies. Before joining the State Department of Health, Dr. Zucker was professor of Clinical Anesthesiology at Albert Einstein College of Medicine of Yeshiva University and a pediatric cardiac anesthesiologist at Montefiore Medical Center. He was also an adjunct professor at Georgetown University Law School where he taught biosecurity law. Dr. Zucker earned his medical degree from George Washington University School of Medicine. He also holds a Juris Doctor degree from Fordham University School of Law and a Master of Laws degree from Columbia Law School.

The principal staff of DASNY are as follows:

REUBEN R. McDANIEL, III is the President and chief executive officer of DASNY, responsible for the overall management of DASNY's administration and operations. Mr. McDaniel possesses more than 30 years of experience in financial services, including public finance, personal wealth management, corporate finance and private equity. During his career in public finance, he participated in more than \$75 billion in tax-exempt bond issuances throughout the country. He has also managed investment portfolios and business assets for a variety of professionals. He previously served as Chair of the Atlanta Board of Education for Public Schools. Mr. McDaniel holds an undergraduate degree in Economics and Mathematics from the University of North Carolina at Charlotte and a Master of Business Administration from the University of Texas at Austin.

PAUL G. KOOPMAN is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Koopman joined DASNY in 1995 managing the Accounts Payable and Banking and Investment Units followed by management positions in the Construction Division including Managing Senior Director of Construction where he was the primary relationship manager for some of DASNY's largest clients and provided oversight of DASNY's construction administration functions. Most recently, Mr. Koopman served as Managing Director of Executive Initiatives of DASNY where he worked closely with executive staff on policy development, enterprise risk management, and strategic planning. His career in public service began in 1985 with the NYS Division of the Budget, and then continued as Chief Budget Analyst for the New York State Facilities Development Corporation. A graduate of the Rockefeller College of Public Affairs, he holds a Master of Arts degree in Public Administration with a Public Finance concentration, and a Bachelor of Arts degree in Political Science from the State University of New York, University at Albany.

KIMBERLY A. ELLIS is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Ellis is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, payroll and information services, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Prior to her appointment to Chief Financial Officer and Treasurer, Ms. Ellis served in numerous senior positions within the

Finance Division of DASNY, including as Deputy Financial Officer and Assistant Director of Investments, where she had direct involvement with the management of DASNY's financial operations, including DASNY's overall investment portfolio and the coordination and development of DASNY's annual operating budget and capital plans. Ms. Ellis holds a Bachelor of Science degree in Accounting from the State University of New York at Buffalo.

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 of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, real property, sustainability and engineering, as well as other technical 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 30 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.

CAROLINE V. GRIFFIN is the Chief of Staff of DASNY. She is responsible for overseeing intergovernmental relations and managing the Communications & Marketing Department, as well as coordinating policy and operations across DASNY's multiple business lines. Ms. Griffin most recently served as the Director of Intergovernmental Affairs for Governor Andrew M. Cuomo where she worked as the Governor's liaison with federal, state and local elected officials and managed staff serving in various capacities in the Governor's Office. Prior to that she served as the Assistant Executive Deputy Secretary for Governor Andrew M. Cuomo overseeing the operations staff and Assistant Secretary for Intergovernmental Affairs for both Governor David A. Paterson and Governor Eliot Spitzer. She holds a Bachelor of Arts degree in Communications from Boston College.

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.

There is not now pending any litigation against DASNY (i) restraining or enjoining the issuance or delivery of the Series 2021 Bonds or (ii) challenging the validity of the Series 2021 Bonds or the proceedings and authority under which DASNY will issue the Series 2021 Bonds.

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, 2020. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 9 – CERTAIN BONDHOLDERS’ RISKS

General

EACH INVESTOR SHOULD CONSIDER THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2021 BONDS. Each prospective investor should carefully examine this Official Statement and their own financial condition (including the diversification of their investment portfolio) in order to make a judgment as to whether the Series 2021 Bonds are an appropriate investment.

The following discussion summarizes certain risks and is not intended to be exhaustive.

COVID-19

See “PART 5 – CUNY – COVID-19 Response and Planning” herein for a discussion of CUNY’s response and planning in relation to the COVID-19 pandemic and operation of the Project.

The full impact of the COVID-19 pandemic and the scope of any adverse impact on CUNY and the Institution cannot be fully determined at this time. At this time, CUNY and the Institution cannot predict (i) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic; (ii) the duration or expansion of travel restrictions and restrictions on assemblies or gatherings; (iii) what effect COVID-19 or any other outbreak or pandemic-related restrictions or warnings may have on demand for higher education; (iv) whether and to what extent the COVID-19 pandemic may disrupt the City, the State, national or global economy or whether any such disruptions may adversely impact CUNY’s and the Institution’s operations or revenues; (v) whether any of the foregoing may have a material adverse effect on the financial condition or operations of CUNY and/or the Institution or the ratings on the Series 2021 Bonds.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of CUNY and the Institution. Despite the implementation of network security measures by CUNY and the Institution, their information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware, or computer viruses, or may otherwise be breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise networks, and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although neither CUNY nor the Institution believe that their information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated entities, any such disruption, access, disclosure, or other loss of information could result in reputational damage to CUNY and the Institution and may have a material adverse effect on CUNY’s and the Institution’s operations and financial condition. Further, as cybersecurity threats continue to evolve, CUNY and the Institution may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate, and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Subordination

The Series 2021 Bonds will be special obligations of DASNY payable solely from the Revenues, which consist of certain payments required to be made by the Institution under the Loan Agreement, payments by CUNY under the Support Agreement and other amounts payable to DASNY as a result of the exercise of any of DASNY’s rights pursuant to the Loan Agreement or the Mortgage (which Mortgage is subordinate to the mortgage granted to secure the Institution’s obligations under the Senior Loan Agreement). The Loan Agreement is a *special limited obligation* of the Institution, payable solely from the Assigned Revenues and from the interest of the Institution in the Project as described herein. The assignment of the Assigned Revenues is subordinate and subject to the assignment pursuant to the Senior Loan Agreement

and application of the Assigned Revenues pursuant to the Senior Resolution. To the extent the Assigned Revenues are insufficient to cover the Institution's obligations under the Senior Loan Agreement, the ability of the holders of the Series 2021 Bonds to realize the expected return on their investment would be adversely affected.

Limited Obligations of DASNY, the Institution and CUNY

The Series 2021 Bonds are special limited obligations of DASNY payable solely from and secured by certain payments to be made by the Institution under the Loan Agreement and amounts payable by CUNY pursuant to the Support Agreement. The Series 2021 Bonds may also be secured by a subordinate mortgage lien on the Institution's leasehold interest in the Project and a security interest in certain assets relating to the Project if DASNY elects to assign the Mortgage to the Trustee. The Series 2021 Bonds will not be a debt of the State, the City or CUNY, nor will the State, the City or CUNY be liable thereon.

(a) *Payments by the Institution Pursuant to the Loan Agreement.* The Institution's obligations under the Loan Agreement are payable solely from the Assigned Revenues derived from operation of the Project and the interest of the Institution in the Project and Mortgaged Property. The Institution's ability to meet its obligations under the Loan Agreement will depend upon achieving and maintaining certain occupancy levels at the Project throughout the term of the Series 2021 Bonds. No assurance can be made that the Project will generate sufficient revenues to pay maturing principal of, premium, if any, and interest on the Series 2005 Bonds and Series 2021 Bonds as well as operating expenses and other costs associated with the Project.

(b) *Payments by CUNY Pursuant to the Support Agreement.* CUNY's obligations under the Support Agreement are payable only from moneys legally available to CUNY for such purpose. A significant portion of CUNY's annual revenues consist of moneys that are subject to annual appropriation by the State and City. The failure of the State or City to make such appropriations or restrictions imposed by the State or City with respect to moneys appropriated to CUNY could adversely affect CUNY's ability to pay its obligations under the Support Agreement or other support agreements to which CUNY is a party. CUNY's ability to make payments under the Support Agreement may also be adversely affected by a variety of other events and conditions affecting CUNY, including a decline in the enrollment of CUNY due to the ongoing COVID-19 pandemic, demographic changes, increased competition from other schools, loss of accreditation or a reduction of financial support from either the State or City.

(c) *Proceeds Realized Upon Foreclosure of the Mortgage.* Pursuant to the Mortgage, the Institution has granted DASNY a subordinate mortgage on the Institution's leasehold interest in the Project, a security interest in fixtures, furnishings and equipment now or hereafter located in the Project or used in connection therewith, and a security interest in leases or license agreements with Project residents. DASNY may, but has no present intention to, assign the Mortgage to the Trustee as additional security for the Series 2021 Bonds. The Mortgage is a leasehold mortgage on the Institution's leasehold interest under the Ground Lease; title to the underlying real property constituting the Project remains vested in DASNY. There is no mortgage on DASNY's interest in the Project. No assurance can be made that the proceeds of any foreclosure or liquidation of the Mortgage would be sufficient to pay the Series 2021 Bonds due to the subordinated and leasehold nature of the Institution's interest in the real property that is subject to the Mortgage. In addition, the Trustee could experience difficulty in selling the leasehold interest in the Project upon foreclosure due to the special purpose nature of the Project, and the proceeds of such sale may not be sufficient to pay fully the owners of the Series 2021 Bonds. Any foreclosure proceeding may be subject to substantial delays.

Required Occupancy Levels and License Fees

Alternative housing arrangements are available for, and have been used by, students, including living with family, renting rooms or renting apartments in the neighborhood or metropolitan area. There can be no assurance that the Project will be able to meet and maintain occupancy and license fee levels during any year necessary to generate sufficient revenues to pay debt service on the Series 2005 Bonds, the Series 2021 Bonds and the operating expenses and other costs related to the Project.

Operation of the Project

The Institution is dependent upon the successful operation of the Project to meet its obligations with respect to the Series 2005 and Series 2021 Bonds. There is no assurance that the Project will continue to generate revenues sufficient to provide for the payment of debt service on the Series 2005 and Series 2021 Bonds and the Institution's other obligations.

The ability of the Project to generate revenues sufficient to provide for the payment of debt service on the Series 2005 and Series 2021 Bonds and the Institution's other obligations is subject to, among other things, the continued viability of the Managing Agent, which ability in turn may be affected by factors such as the level of enrollment at CCNY and future economic and other conditions, including the continued impact of the COVID-19 pandemic, which are unpredictable and

may not be determinable at this time. In addition, pursuant to the terms of the Ground Lease, the use of the Project is restricted and shall only be used by an organization that is 501(c)(3) or a governmental entity. Accordingly, the Institution is not permitted to use the facility for private commercial activity.

The Managing Agent is obligated under the Project Management Agreement to operate and maintain the Project. Although the Project Management Agreement expired on April 14, 2020, the parties are currently operating under the Project Management Agreement on a month-to-month basis and are currently in negotiations to extend the Project Management Agreement. There is no assurance that the parties will reach an agreement to extend the term of the Project Management Agreement.

Competing Facilities

The Project is located in a dense urban area with a very high concentration of existing multi-family apartments that offer direct competition for the Project. Many of these facilities are owned by entities with substantially more financial resources than the Institution and may therefore be positioned to provide housing at lower rates. Given the Project's location, it is also highly likely that new facilities will come on line that also offer additional competition. Any competing facilities could adversely affect occupancy and revenues at the Project.

Project Security Considerations

Occupancy of the Project is highly dependent on continued maintenance of a safe and secure housing experience for students. Failure to maintain provide a safe and secure housing experience may result in declines in Project occupancy levels.

Geographic Concentration

The occupancy rates in the Project may be adversely affected by regional and local economic conditions, competitive conditions, applicable local laws and regulations, and general real estate market conditions, including the supply and proximity of apartment communities in the area.

CUNY Support Agreement

Upon receipt of notice from the Trustee that there are insufficient funds available in the Debt Service Fund to pay the principal installments, if any, of and interest on the Series 2021 Bonds, then, under the terms of the Support Agreement, CUNY is required to pay the amount of the deficiency to the Trustee.

CUNY will pay amounts due under the Support Agreement from legally available funds of CUNY in the following order of priority: first, with amounts CUNY received from operation of the Project; second, with other monies legally available to it (other than funds appropriated to it by the State or the City of New York); and third, from any other monies legally available to it for such purpose. The failure of the State to appropriate CUNY institutional aid or tuition and fees or restrictions on the use of appropriations could adversely affect CUNY's ability to pay its obligations under the support agreements, including the Support Agreement.

Risks Not Covered By Insurance

Although the Institution and CUNY maintain a program of insurance and self-insurance to protect against certain operating and other risks, not all risks are insured or insurable (for example, losses as a result of certain litigation), and disputes may develop over insured risks. In addition, there can be no assurance that such insurance coverage will be available in the future at all or on commercially reasonable terms or at commercially reasonable rates. If certain operating risks occur, or if there is a total or partial loss of some or all of the Institution's and CUNY's facilities, there can be no assurance that the proceeds of the applicable insurance policies will be adequate to cover lost revenues, increased expenses, or the cost of repair or replacement. Any of the foregoing events could materially adversely affect the Institution's and/or CUNY's financial condition.

Termination of Ground Lease

The Project is on land owned by DASNY and leased to the Institution pursuant to the Ground Lease by and between DASNY, as landlord, and the Institution, as tenant. The term of the Ground Lease commenced on April 14, 2005 and continues until the earlier of August 2, 2038 or repayment in full of the Series 2021 Bonds and the Series 2005 Bonds. Upon the occurrence of an "event of default" under the Ground Lease, DASNY may terminate the Ground Lease upon ten (10) business days' notice. An event of default under the Ground Lease includes (A) bankruptcy or insolvency of the Institution, or (B) default by the Institution in fulfilling any of the material terms of the Ground Lease.

No Debt Service Reserve Fund for the Series 2021 Bonds

The Series 2021 Bonds are secured as provided in "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS". The Resolution permits, but does not require, the establishment of a debt service reserve

fund to secure Bonds issued thereunder. There is no debt service reserve fund securing the Series 2021 Bonds. In the event that a debt service reserve fund is hereafter established for a Series of Bonds hereafter issued under the Resolution, such debt service reserve fund will secure only such Series of Bonds and will not secure the Series 2021 Bonds.

Tax-Exempt Status of the Institution

The Institution is a Delaware limited liability company whose sole member is EHS. EHS is a New York not-for-profit corporation. EHS has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If EHS fails to meet the requirements necessary to preserve its status as a not-for-profit corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the Institution, as a disregarded entity of EHS for federal and state tax purposes, could experience greater expenses and lower revenues than expected, which would adversely affect the Institution's ability in the future to pay the Loan Payments due under the Loan Agreement.

Risk of Substantive Consolidation

Substantive consolidation is a judicially developed equitable doctrine that permits a bankruptcy court, in appropriate circumstances, to disregard the legal separateness of a debtor and a related entity, which may or may not itself be a debtor in bankruptcy, and merge their respective assets and liabilities for bankruptcy purposes. Substantive consolidation typically results in the pooling of all assets and liabilities of the entities being consolidated, the satisfaction of liabilities from the resulting common fund of assets, and the elimination of all duplicate and inter-entity claims.

When the Series 2005 Bonds were originally issued, EHS was the borrower under the Senior Loan Agreement. As anticipated in the transaction documents, and as disclosed in the official statement, related to the Series 2005 Bonds, EHS requested and was granted DASNY's permission to assign EHS's rights and obligations with respect to the Project and the Series 2005 Bonds to the Institution, a special purpose entity, which assumed and is performing such rights and obligations pursuant to an Assignment and Assumption of Loan Agreement dated as of October 31, 2008, by and between EHS and the Institution (the "Loan Assignment"). Pursuant to the Loan Assignment, EHS assigned, and the Institution assumed, among other things, the rights and obligations of EHS with respect to the Senior Loan Agreement, a Leasehold Mortgage and the Ground Lease. Subsequent to the Loan Assignment, the Institution believes that EHS and the Institution have maintained their separate identities and economic unit status so as to avoid any confusion to potential creditors. The Institution believes that creditors of EHS should not be able to demonstrate that they dealt with EHS and the Institution as a single economic unit. The Institution further believes that creditors are not relying on EHS for the payment and performance of the Institution's outstanding obligations. All relevant legal formalities required to support the Institution's legal existence as a Delaware limited liability company separate and distinct from EHS have been and will continue to be strictly observed.

Although the Institution has been organized and operated in a manner that is intended to prevent it from being substantively consolidated with EHS in the event of EHS's bankruptcy, if the Institution were substantively consolidated in this manner, the rights of the Holders of the Series 2021 Bonds could be uncertain, and payments on the Series 2021 Bonds may be limited, suspended or stopped. The recovery, if any, of a Holder of the Series 2021 Bonds may therefore be substantially delayed and/or substantially less than the principal and interest due and to become due on the Series 2021 Bonds.

EHS provided its consolidated financial statements for the year ended December 31, 2019 and 2018 to Electronic Municipal Market Access as required pursuant to the Continuing Disclosure Agreement relating to the Series 2005 Bonds. Such financial statements discussed that there was substantial doubt about EHS's ability to continue as a going concern due to the changes in operations brought about by the COVID-19 pandemic, the decline in demand for student housing and the concomitant decrease in cash flow to support continued operations, as well as the uncertainty surrounding the duration and severity of the COVID-19 pandemic.

DASNY will require the Institution to obtain from the Institution's counsel a non-consolidation opinion as a closing condition in connection with the issuance of the Series 2021 Bonds. While it is anticipated that a non-consolidation opinion will be issued and that EHS and the Institution would not be subject to substantive consolidation for purposes of the United States Bankruptcy Code, there is a possibility that a bankruptcy court, in reviewing the pertinent facts and background, under equitable principles recognized in federal bankruptcy law, might consolidate the assets and liabilities of EHS and the Institution. To the extent the Institution were to be substantively consolidated with EHS, the security interests otherwise securing the Institution's obligations under the Loan Agreement and the payment of principal and interest on the Series 2021 Bonds might be adversely impacted.

Enforceability of Remedies; Effect of Bankruptcy

The remedies available to the owners of the Series 2021 Bonds, upon the occurrence of an Event of Default under the Resolution, the Loan Agreement, the Support Agreement or other documents described herein are in many respects dependent upon regulatory and judicial actions which are often subject to judicial discretion and delay. Under existing laws and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the United States Bankruptcy Code, the Resolution and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds including Co-Bond Counsel's approving opinions will be qualified to the extent that enforceability of certain legal rights related to the Series 2021 Bonds are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

The filing by, or against, the Institution for relief under the United States Bankruptcy Code may have an adverse effect on the ability of the Trustee and Bondholders to enforce their claim or claims to the security for the Series 2021 Bonds, and their claim or claims to moneys owed them as unsecured claimants, if any. Such a filing would generally operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Institution and its property and as an automatic stay of any act or proceeding to enforce a lien against such property, which may include the Project even though the Project is not pledged to secure any other indebtedness. Further, once a bankruptcy court has acquired jurisdiction over the Institution in connection with this Project or any other project or venture, such court would likely have the ability to exercise its jurisdiction generally in respect of the Institution and its assets, including the Project and any other project.

If the Institution were to become the debtor in a proceeding under the Bankruptcy Code, the bankruptcy court could authorize the Institution to obtain credit secured by a senior, priming lien on property of the bankruptcy estate already encumbered by existing liens, but only if the bankruptcy court determines that there is adequate protection of the interests of the holders of those existing liens on the property of the estate on which the senior or equal lien is proposed to be granted. Similarly, although the Institution may be able to confirm a plan that modifies the terms of the Series 2021 Bonds, if Bondholders, as a class, vote to reject a plan and object to confirmation of a plan, the plan cannot be confirmed unless the plan (1) allows Bondholders to retain their lien on the assets that secure their claim and makes payments to Bondholders equal to the total value of such assets that secure their claim, as of the effective date of the plan; or (2) proposes to sell the assets that secure Bondholders, subject to the bondholders' rights, if any, to bid on their claim at the sale, and provided that the bondholders' lien will attach to the proceeds of the sale; or (3) provides for Bondholders to receive what the bankruptcy court determines to be the indubitable equivalent of their claim.

Regardless of any decision made by a court, the fact that a bankruptcy case has been commenced by or against the Institution could have an adverse effect on the liquidity and value of the Series 2021 Bonds.

Moreover, the Bankruptcy Code permits the debtor to continue to remain in possession of and use collateral even though the debtor is in default under the applicable indebtedness instrument, provided that the secured creditor is given "adequate protection." The meaning of the term "adequate protection" may vary according to the circumstances, but it is intended to protect the value of the secured creditor's interest in the collateral and may include cash payments or the granting of additional security if and at such times as the court in its discretion determines that the value of the secured creditor's interest in the collateral is declining during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not prevent diminution in the value of its collateral if the value of the collateral exceeds the indebtedness it secures.

In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary power of a bankruptcy court, it is impossible to predict:

- how long payments under the Series 2021 Bonds could be delayed following commencement of a bankruptcy case;
- whether or when the trustee could repossess or dispose of the collateral securing the Series 2021 Bonds (the "Collateral");
- the value of the Collateral at the time of the bankruptcy petition; or
- whether or to what extent holders of the Series 2021 Bonds would be compensated for any delay in payment or loss of value of the Collateral through the requirement of "adequate protection."

In the event that a bankruptcy case is commenced by or against the Institution, if the value of the Collateral is less than the amount due to the bondholders and other senior secured obligations, interest may cease to accrue on the Series 2021 Bonds from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy

or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the collateral will be sufficient to pay the obligations due under the Series 2021 Bonds and any other obligations secured by a lien on the Collateral. Any such judicial discretion or interpretations may cause a delay in enforcement proceedings or may limit or modify the rights and remedies available to the bondholders and/or the Institution. As a result, the bondholders may not be able to realize sufficient value from the collateral to be repaid all of the outstanding indebtedness under the Series 2021 Bonds.

Secondary Market for the Series 2021 Bonds

There can be no assurance that there will be a secondary market for purchase or sale of the Series 2021 Bonds. From time to time there may not be such a market for the Series 2021 Bonds depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of CUNY's and the Institution's capabilities and financial condition and the results of operations of the Project.

Bond Insurance Risk Factors

In the event of default of the scheduled payment of principal or interest on the Series 2021 Bonds when all or some becomes due, or in the event any such payment is recovered from the owners of the Series 2021 Bonds as a voidable preference under applicable bankruptcy law, the Trustee, on behalf of the owners of the Series 2021 Bonds, shall have a claim under the Policy for such payments. However, in the event of any advancement of the due date of such principal by reason of mandatory or optional redemption, the payments under the Policy are to be made in such amounts and at such times as such payments would have been due had there not been any such advancement. See APPENDIX I - Specimen Municipal Bond Insurance Policy.

In the event that the Insurer is unable to make payment of principal or interest as such payments become due under the Policy, the Series 2021 Bonds are payable solely from the moneys available under the Resolution, the Loan Agreement, the CUNY Support Agreement and from amounts payable to DASNY pursuant to the Mortgage, if any. In the event that the Insurer becomes obligated to make payments with respect to the Series 2021 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2021 Bonds or the marketability of the Series 2021 Bonds.

The long-term rating on the Series 2021 Bonds is dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors that could change over time. No assurance is given that the long-term ratings of the Insurer and the rating of the Series 2021 Bonds will not be subject to downgrade. Any such event could adversely affect the market price or marketability of the Series 2021 Bonds. See "PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS — The Bond Insurance Policy – BUILD AMERICA MUTUAL ASSURANCE COMPANY." and "PART 21 — RATING" herein.

The obligations of the Insurer under the Policy are contractual obligations and, in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither DASNY nor the Underwriter have made an independent investigation into the claims paying ability of and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. See "PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS — The Bond Insurance Policy" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

Rating

There is no assurance that the rating assigned to the Series 2021 Bonds at the time of issuance will not be lowered or withdrawn. Either of such events could adversely affect the market price and the market for the Series 2021 Bonds.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operations of CUNY and/or the Institution to an extent that cannot be determined at this time:

- Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

- Decrease in the availability or receipt of State and City aid or in the receipt of contributions or bequests.
- Inflation or other adverse economic conditions.
- Inability of the Institution to meet or continue to comply with legal, regulatory and licensing requirements with respect to the Project or otherwise.
- The attempted imposition of, or the increase in, taxes related to the property and operations of tax-exempt and/or not-for-profit organizations or their subsidiaries.
- The occurrence of natural disasters, including floods and earthquakes, which may damage the Project, interrupt utility service to the Project or otherwise impair the operation and generation of revenues therefrom.

PART 10 - LEGALITY OF THE SERIES 2021 BONDS FOR INVESTMENT AND DEPOSIT

Under State law, the Series 2021 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 2021 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 11 - NEGOTIABLE INSTRUMENTS

The Series 2021 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 2021 Bonds.

PART 12 - TAX MATTERS

Orrick, Herrington & Sutcliffe LLP and Golden Holley James LLP, Co-Bond Counsel to DASNY (“Co-Bond Counsel”), observes that interest on the Series 2021 Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Co-Bond Counsel are of the opinion that interest on the Series 2021 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021 Bonds.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Series 2021 Bonds that acquire their Series 2021 Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2021 Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2021 Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2021 Bonds pursuant to this offering for the issue price that is applicable to such Series 2021 Bonds (i.e., the price at which a substantial amount of the Series 2021 Bonds are sold to the public) and who will hold their Series 2021 Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Series 2021 Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made

a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series 2021 Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2021 Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2021 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2021 Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2021 Bonds in light of their particular circumstances.

For U.S. Holders of Series 2021 Bonds

Interest. Interest on the Series 2021 Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2021 Bonds is less than the amount to be paid at maturity of such Series 2021 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2021 Bonds) by more than a de minimis amount, the difference may constitute original issue discount. U.S. Holders of Series 2021 Bonds will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Series 2021 Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2021 Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2021 Bond.

Sale or Other Taxable Disposition of the Series 2021 Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by DASNY) or other disposition of a Series 2021 Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2021 Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2021 Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Series 2021 Bond (generally, the purchase price paid by the U.S. Holder for the Series 2021 Bond, decreased by any amortized premium, and increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Series 2021 Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2021 Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Series 2021 Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Series 2021 Bonds. If DASNY defeases any Series 2021 Bond, the Series 2021 Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder’s adjusted U.S. federal income tax basis in the Series 2021 Bond.

Information Reporting and Backup Withholding. Payments on the Series 2021 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2021 Bonds may be subject to backup withholding at the current rate of 24% with respect to “reportable payments,” which include interest paid on the Series 2021 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2021 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject

to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

For Non-U.S. Holders of Series 2021 Bonds

Interest. Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act (“FATCA”)— U.S. Holders and Non-U.S. Holders of Series 2021 Bonds,” payments of principal of, and interest on, any Series 2021 Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation described in Section 881(c)(3)(C) of the Code, and (2) a bank which acquires such Series 2021 Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Series 2021 Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the Series 2021 Bonds. Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act (“FATCA,”)— U.S. Holders and Non-U.S. Holders of Series 2021 Bonds,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by DASNY or a deemed retirement due to defeasance of the Series 2021 Bond) or other disposition of a Series 2021 Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by DASNY) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading “Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders of Series 2021 Bonds,” under current U.S. Treasury Regulations, payments of principal and interest on any Series 2021 Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Series 2021 Bond or a financial institution holding the Series 2021 Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders of Series 2021 Bonds

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Series 2021 Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2021 Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2021 Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

PART 13 - 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 Institution and CUNY will each enter into a written agreement (each a “Continuing Disclosure Agreement”) for the benefit of the Holders of the Series 2021 Bonds with Digital Assurance Certification, L.L.C., as disclosure dissemination agent, and the Trustee. The proposed forms of each Continuing Disclosure Agreement are attached hereto as APPENDIX H – Proposed Forms of Agreement to Provide Continuing Disclosure.

In the past five years, CUNY has not failed to comply, in any material respects, with any previous continuing disclosure undertaking entered into in connection with any offerings.

In connection with the issuance of the Series 2005 Bonds, EHS entered into an agreement to provide continuing disclosure for the benefit of the holders of such bonds (the “2005 CDA”). Subsequently, the Institution entered into an Amended and Restated Agreement to provide Continuing Disclosure, dated October 31, 2008 (the “2008 Amended and Restated CDA”). Specifically, under the terms of the 2008 Amended and Restated CDA, the Institution is required to provide Digital Assurance Certification, L.L.C., as disclosure dissemination agent, with its annual report on or before 180 days after the end of each fiscal year. The Institution’s annual report required under the 2008 Amended and Restated CDA for the fiscal years ended December 31, 2016 through 2019 included only the audited consolidated financial statements of EHS. For the fiscal year ended December 31, 2020 and going forward, the Institution’s annual report required under the 2008 Amended and Restated CDA will include both the audited consolidated financial statements of EHS and the audited special purpose financial statements of the Institution.

Prior to the deadline to file the annual report for the Institution’s fiscal year ended December 31, 2018, the Institution filed a notice to Electronic Municipal Market Access that there would be a delay in the filing of its annual report due to the additional time required to comply with the application of a new accounting guidance. The annual report for the Institution’s fiscal year ended December 31, 2018 was filed on November 15, 2019. In the past five years, the Institution has not failed to comply, in any material respects with the previous continuing disclosure undertaking contained in the 2008 Amended and Restated CDA (except as discussed above).

Effective for the fiscal year ended December 31, 2017, EHS determined that the financial information for the Project, with the exception of those items over which the Institution had authority, should not be included in the audited consolidated financial statements of EHS, given the limited role of the Institution in the management of the Project. Since that December 31, 2017 determination, only the following information remains in the audited consolidated financial statements of EHS: receivables and payables associated with the Project, cash, cash equivalents and investments held by the Trustee, and Series 2005 Bond payables. Therefore, commencing with the fiscal year ended December 31, 2017, the financial information of the Project, including the revenues and expenses of the Project under the management of the Management Agent, was not included with the audited consolidated financial statements of EHS and was instead reflected in audited special purpose financial statements of the Institution. The audited special purpose financial statements of the Institution for the fiscal years ended December 31, 2020 and 2019 are included as Appendix B herein and will be provided annually in accordance with its Continuing Disclosure Agreement to be entered into for the benefit of the holders of the Series 2021 Bonds.

PART 14 - STATE NOT LIABLE ON THE SERIES 2021 BONDS

The Act provides that notes and bonds of DASNY shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2021 Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 15 - 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 16 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2021 Bonds by DASNY are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel to DASNY, whose approving opinions will be delivered with the Series 2021 Bonds. The proposed forms of Co-Bond Counsel's opinions are set forth in Appendix G – Proposed Forms of Approving Opinions of Co-Bond Counsel attached hereto.

Certain legal matters will be passed upon for the Institution by its Special Counsel, Cozen O'Connor, New York, New York and its General Counsel, Ariel M. Dybner, Esq. Certain legal matters will be passed upon for CUNY by its counsel, Nixon Peabody LLP, New York, New York and by the CUNY Office of General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2021 Bonds or questioning or affecting the validity of the Series 2021 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of DASNY to finance the Project in accordance with the provisions of the Act, the Resolution, the Series 2021 Resolution and the Loan Agreement.

PART 17 - UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Series 2021 Bonds from DASNY at an aggregate purchase price of \$12,902,014.83 and to make a public offering of the Series 2021 Bonds at prices that are not in excess of the public offering price stated on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2021 Bonds if any are purchased.

The Series 2021 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, or in the case of obligations sold on a yield basis, at yields other than shown on the cover of this Official Statement, and such public offering prices or yields may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of DASNY or the Institution. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of DASNY or the Institution.

PART 18 - VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C. will verify the mathematical accuracy of the mathematical computations of (i) the adequacy of the cash, the maturing principal amounts and the interest on the Defeasance Securities deposited with the Trustee for the Series 2005 Bonds to pay the principal and interest coming due on the Defeased Bonds on and prior to their respective maturity dates as described in "PART 6 - PLAN OF DEFEASANCE AND FINANCE" and (ii) the adequacy of the cash, the maturing principal amounts and the interest on the securities deposited with the Trustee for the Series 2005 Bonds to pay interest coming due on the Series 2005 Bonds other than the Defeased Bonds from July 1, 2021 through July 1, 2023.

PART 19 – MUNICIPAL ADVISOR

Lamont Financial Services Corporation (the "Municipal Advisor") serves as the independent registered municipal advisor to DASNY on matters relating to debt management. Environmental Attribute Advisors serves as a sub-contractor of the Municipal Advisor on the Series 2021 Bonds. In connection with the Series 2021 Bonds, the Municipal Advisor has provided advice as to the plan of financing and the structuring of the Series 2021 Bonds and has reviewed and commented on certain legal documentation including this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information provided by CUNY and the Institution or the information set forth in this Official Statement or any other information available to CUNY, the Institution or DASNY with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information and no guarantee,

warranty or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

PART 20 – CERTIFIED PUBLIC ACCOUNTANTS

The special purpose financial statements of EHS Towers LLC as of and for the years ended December 31, 2020 and 2019, which are included as APPENDIX B, have been audited by Horton, Lee, Burnett, Peacock, Cleveland & Grainger, P.C., independent certified public accountants, as stated in its report appearing therein, as well as the financial statements of CUNY as of and for the year ended June 30, 2020, which are included as APPENDIX C, have been audited by Grant Thornton LLP, independent certified public accountants, as stated in its report appearing therein.

Horton, Lee, Burnett, Peacock, Cleveland & Grainger, P.C. and Grant Thornton LLP, have not been engaged to perform, and have not performed, any procedures on any documents or portions of documents incorporated by reference relating to BAM, that have been incorporated by reference into this Official Statement. Accordingly, neither Horton, Lee, Burnett, Peacock, Cleveland & Grainger, P.C. or Grant Thornton LLP express any opinion with respect to any forward looking information contained in this document.

PART 21 - RATING

S&P Global Ratings (“S&P”) assigned a rating of “AA” to the Series 2021 Bonds, based on the understanding that the Policy insuring the scheduled repayment of principal and interest due with respect to the Series 2021 Bonds will be issued by the Insurer upon the issuance of the Series 2021 Bonds.

Such rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P at the following addresses: S&P, 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 S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2021 Bonds.

PART 22 - MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Series 2021 Resolution, the Loan Agreement, the Mortgage, the Support Agreement, the Project Management Agreement, the Ground Lease and the Insurance Policy do not purport to be complete. Refer to the Act, the Resolution, the Series 2021 Resolution, the Loan Agreement, the Mortgage, the Support Agreement, the Project Management Agreement, the Ground Lease and the Insurance Policy for full and complete details of their provisions. Copies of the Resolution, the Series 2021 Resolution, the Loan Agreement, the Mortgage, the Support Agreement, the Project Management Agreement, the Ground Lease and the Insurance Policy are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2021 Bonds are fully set forth in the Resolution and the Series 2021 Resolution. Neither any advertisement of the Series 2021 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2021 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 Institution was supplied by the Institution. The information regarding CUNY, the Project and the Estimated Sources and Uses of Funds was supplied by CUNY. DASNY, the Underwriter and the Insurer make no representations or warranties whatsoever as to the accuracy or completeness of this information.

The information regarding the Insurer, the Municipal Bond Insurance Policy and the Specimen Municipal Bond Insurance Policy in Appendix I has been furnished by the Insurer. No representation is made herein by DASNY, the Institution, CUNY or the Underwriter as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Neither DASNY, the Institution, CUNY nor the Underwriter have made any independent investigation of the Insurer or its Municipal Bond Insurance Policy.

The information regarding the Managing Agent was supplied by the Managing Agent. DASNY, the Underwriter and the Insurer make 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 makes no representations or warranties whatsoever to the accuracy or completeness of this information.

"Appendix A – Certain Definitions," "Appendix D - Summary of Certain Provisions of the Loan Agreement," "Appendix E - Summary of Certain Provisions of the Resolution", "Appendix F – Summary of Certain Provisions of the Support Agreement" and "Appendix G - Forms of Approving Opinions of Co-Bond Counsel" have been prepared by Orrick, Herrington & Sutcliffe LLP, New York, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel.

"Appendix B – EHS Towers LLC Special Purpose Financial Statements" contains the audited special purpose financial statements of the Institution as of and for the years ended December 31, 2020 and December 31, 2019 and the report of the Institution's independent auditors, Horton, Lee, Burnett, Peacock, Cleveland & Grainger, P.C., on such special purpose financial statements.

"Appendix C – City University of New York Financial Statements" contains the audited financial statements of CUNY as of and for the fiscal year ended June 30, 2020 and the report of CUNY's independent auditors, Grant Thornton LLP on such financial statements.

The Institution has reviewed the parts of this Official Statement describing the Institution, Certain Bondholders' Risks and Appendix B. It is a condition to the sale and delivery of the Series 2021 Bonds that the Institution certify as of the dates of sale and delivery of the Series 2021 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Institution has agreed to indemnify DASNY and the Underwriter 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 sentence.

CUNY has reviewed the parts of this Official Statement describing CUNY, the Support Agreement, the Project, the Estimated Sources and Uses of Funds, Certain Bondholders' Risks and Appendix C. It is a condition to the sale and delivery of the Series 2021 Bonds that CUNY certify as of the dates of sale and delivery of the Series 2021 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. CUNY has agreed to indemnify DASNY and the Underwriter 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 sentence.

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

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

By: _____
Authorized Officer

CERTAIN DEFINITIONS

APPENDIX A

CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Official Statement.

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

“Annual Administrative Fee” means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority in an amount more particularly described in the Loan Agreement.

“Annual Institution Fee” means the annual fee for the general administrative expenses of the Institution in the amount determined as provided in the Loan Agreement.

“Annual Institution Fee (Subordinate)” means the annual fee to be paid to the Institution in accordance with the Project Management Agreement.

“Annual Managing Agent’s Fee (Subordinate)” means the annual fee to be paid to the Managing Agent in accordance with the Project Management Agreement.

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

“Assigned Revenues” means the (i) fund balances, proceeds, charges, income, rents, license fees, receipts, profits, revenues and benefits of the Institution, in each case relating to or derived from its interest in and/or operation of the Project excluding security deposits until applied in accordance with the applicable license or lease agreement and (ii) any payments received or receivable by the Institution under any Interest Rate Exchange Agreement related to any Bond.

“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 succeed to the rights, powers, duties and functions of the Authority.

“Authority Fee” means a fee payable to the Authority consisting of a payment to be made upon the issuance of Bonds in an amount set forth in the Loan Agreement.

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

“Authorized Officer” means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the General Counsel, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development, the Deputy Chief Financial Officer, the Assistant Director, Asset Management, the Assistant Director, Financial Management, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the Institution, the person or persons authorized by a resolution or the by-laws of the Institution to perform any act or execute any document; (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; and (iv) in the case of CUNY, means the Vice Chancellor for Legal Affairs, the Secretary of the Board of Trustees or the Vice Chancellor of Facilities, Planning, Construction and Management and when used with reference to any act or document also means the person or persons authorized by a resolution or the by-laws of CUNY to perform any act or execute any document.

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

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

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

“Bond Year” means a period of 12 consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

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

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee, or the Insurance Trustee, if applicable, is authorized or required by law or executive order to remain closed in The City of New York; provided, however, that, with respect to Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee, the Insurance Trustee or the provider of a Liquidity Facility for such Bonds is legally authorized to close in The City of New York.

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

“Cost of Issuance” or “Costs of Issuance” means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, legal fees and charges, professional consultants’ fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance and liquidity support for such Bonds, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

“Cost of the Project” or “Costs of the Project” means, with respect to the Project, costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection therewith, including, but not limited to, (i) costs and expenses of the acquisition of the title to (including premiums and other charges in connection with obtaining title insurance) 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, renovation, repair and improvement of such Project; (iii) the cost of surety bonds and insurance of all kinds, that may be required or necessary prior to completion of such Project, which is not paid by a contractor or otherwise provided for; (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of such Project; (v) costs and expenses required for the acquisition and installation of equipment or machinery; (vi) all other costs which the Institution or CUNY shall be required to pay for the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement and equipping of such Project; (vii) any sums required to reimburse the Institution, CUNY 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 such Project (including interest on moneys borrowed from parties other than the Institution); (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement or equipping of such Project; and (ix) fees, expenses and liabilities of the Authority, the Institution or CUNY incurred in connection with such Project or pursuant to the Resolution or to the Loan Agreement.

“CUNY” means the City University of New York, a separate and distinct body corporate under Article 125 of the New York Education Law.

“Debt Service Fund” means the fund so designated and established pursuant to the Resolution.

“Debt Service Reserve Fund” means the fund so designated and established pursuant to the Resolution.

“Debt Service Reserve Fund Requirement” means the sum of the amounts, if any, prescribed by the Series Resolution authorizing each Series of Bonds.

“Defeasance Security” means any of the following: (a) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations; (b) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligations; and (c) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least two nationally recognized statistical rating services in the highest rating category; provided, however, that (1) such term shall not include 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.

“EHS” means Educational Housing Services, Inc., a New York not-for-profit corporation and the sole member of the Institution.

“Excess Earnings” means the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

“Exempt Obligation” means any of the following: (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least two nationally recognized statistical rating services not lower than the second highest rating category for such obligation; (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

“Facility Provider” means the issuer of any surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund as provided in the Resolution or in accordance with a Supplemental Resolution or the applicable Series Resolution.

“Federal Agency Obligation” means any of the following: (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 wholly comprised of any of the foregoing obligations.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

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

“Gross Proceeds” means, unless inconsistent with the provisions of the Code, (i) amounts received by the Authority from the sale of the Bonds (other than amounts used to pay underwriters’ fees and other expenses of issuing the Bonds), (ii) amounts treated as transferred proceeds of the 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, CUNY, or the Institution 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 Bonds, and (viii) amounts received as a result of the investment of Gross Proceeds.

“Ground Lease” means the Agreement of Lease, dated as of March 2, 2005, between the Authority and EHS, and assigned to and assumed by the Institution pursuant that certain Assignment and Assumption of Ground Lease, dated as of October 31, 2008, between EHS and the Institution, as from time to time amended, supplemented or otherwise modified in accordance with the terms and provisions of the Resolution and of the Ground Lease, including as amended by the amendment dated as of June 17, 2021.

“Institution” means EHS Towers LLC, a Delaware limited liability company, the institution for whose benefit the Authority has issued the Bonds and with whom the Authority has executed the Loan Agreement, and its successors and assigns permitted under the Loan Agreement.

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

“Insurer” means the firm, association or corporation, including public bodies and governmental agencies, acceptable to the Authority, which has issued the policy of municipal bond insurance in connection with the Bonds, and the successor or assign of the obligations of such firm, association or corporation under such policy.

“Insurer Default” means any of the following with respect to an Insurer of a Series of Bonds: (a) there shall occur a default in the payment of principal of or any interest on any Bond when required to be made by a municipal bond insurance policy, (b) a municipal bond insurance policy shall have been declared null and void or unenforceable in a final determination by a court of law of competent jurisdiction or (c) the Insurer 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 Insurer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors.

“Interest Rate Exchange Agreement” means an agreement entered into by the Institution in connection with the issuance of or which relates to Bonds of one or more Series which (i) provides that during the term of such agreement the Institution is to pay to the counterparty an amount based on the interest accruing at a fixed or variable rate per annum on an amount not greater than the principal amount of such Bonds and that the counterparty is to pay to the Institution 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, and (ii) if applicable, in the opinion of Bond Counsel, will not adversely affect the exclusion of interest on Bonds from gross income for the purposes of federal income taxation.

“Liquidity Facility” means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by any of (i) a bank, (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, (vi) a savings bank, (vii) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized under the laws of any state or territory of the United States of America, (viii) a savings and loan association, (ix) an insurance company or association chartered or organized under the laws of any state of the United States of America, (x) the Government National Mortgage Association or any successor thereto, (xi) the Federal National Mortgage Association or any successor thereto, or (xiii) any other federal agency or instrumentality approved by the Authority, in each case pursuant to which the Authority is entitled to obtain moneys upon the terms and conditions contained therein for the purchase or redemption of Outstanding Option Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Series Resolution authorizing such Option Bonds or the applicable Bond Series Certificate.

“Loan Agreement” means the Loan Agreement or other agreement, between the Authority and the Institution, in connection with the issuance of the Bonds, as the same may from time to time be amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement.

“Managing Agent” means Capstone On-Campus Management LLC, and its successors or assigns as permitted under the Project Management Agreement, or any other Person appointed by the Institution and CUNY, with the approval of the Authority, as the managing agent for the Project.

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

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

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

“Mortgage” means the leasehold mortgage granted by the Institution to the Authority in connection with the issuance of the Bonds, in form and substance satisfactory to the Authority, on the Mortgaged Property mortgaged in connection therewith, as security for the performance of such Institution’s obligations under the Loan Agreement, as such Mortgage may be amended or modified as provided in such Loan Agreement.

“Mortgaged Property” means the land described in the Mortgage, or if the Institution has a leasehold interest in land, such leasehold estate described in the Mortgage, and the buildings and improvements thereon or erected thereon and the fixtures, furnishings and equipment owned by the Institution located therein or thereon.

“Operating Account” means an account held by the Managing Agent, the Institution or CUNY (and not pledged under the Resolution) and designated as such in writing to the Trustee and the Authority.

“Operating Budget” means the operating budget for the Project for each Bond Year prepared in accordance with the Project Management Agreement (as it may be amended in accordance with the Project Management Agreement) which shall include the estimated Operating Expenses for each month, the Annual Institution Fee (Subordinate) for such Bond Year, the Annual Managing Agent’s Fee (Subordinate) for such Bond Year, the Repair and Replacement Reserve Fund Requirement for such Bond Year and the Operating Reserve Fund Requirement, if any, and any other information required to be included in the Operating Budget under the Project Management Agreement.

“Operating Expenses” means, (i) the costs and expenses for or in connection with the operation and maintenance of the Project and the Mortgaged Property as set forth in each Operating Budget (excluding (a) the Annual Institution Fee (Subordinate) other than the portion thereof payable with respect to a prior year that was deferred and is included as an Operating Expense payable under Section 5.05(a) and not 5.05(k) of the Resolution, (b) the Annual Managing Agent’s Fee (Subordinate) payable under Section 5.05(l) of the Resolution, (c) the Repair and Replacement Reserve Fund Requirement and (d) the Operating Reserve Fund Requirement) and (ii) the ongoing costs and expenses related to the Bonds (other than the payment of principal of and interest on the Bonds and payments on any Interest Rate Exchange Agreements) and the Institution’s obligations under the Loan Agreement (other than as provided in Section 10 thereof), and shall include (without limitation) administrative expenses, insurance premiums, auditing and legal expenses relating to the Project, fees of consultants and other professionals, the Annual Administrative Fee, fees, charges and expenses of the Trustee as trustee, bond registrar, tender agent and paying agent for the Bonds, fees of any other paying agent or tender agent for the Bonds, and fees of the Insurer, providers of Liquidity Facilities and Facility Providers.

“Operating Fund” means the fund so designated, created and established pursuant to the Resolution.

“Operating Reserve Fund” means the fund so designated, created and established pursuant to the Resolution.

“Operating Reserve Fund Requirement” means such amount, of which the Trustee receives written notice from the Institution, as may from time to time be determined pursuant to the Project Management Agreement, which Operating Reserve Fund Requirement shall initially be \$0.

“Option Bond” means any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof.

“Outstanding” means, (a) with respect to Bonds issued under the Resolution, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any 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 Section 12.01 of the Resolution other than as described in Section 12.01(4) of 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 Article III, Section 4.06 or Section 10.07 of the Resolution; and (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided herein and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond; and (b) with respect to Senior Bonds, the meaning given to such term in the Senior Resolution.

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

“Permitted Collateral” means any of the following: (I) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations; (II) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations; (III) commercial paper that (a) matures within 270 days after its date of issuance, (b) is rated in the highest short term rating category by at least one nationally recognized statistical rating service and (c) is issued by a domestic corporation whose unsecured senior debt is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category; and (IV) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by Bests Insurance Guide or a nationally recognized statistical rating service in the highest rating category.

“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 of credit, contract, agreement or surety bond issued by it, are rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, and (b) are fully collateralized by Permitted Collateral; (vi) commercial paper that (a) matures within 270 days after its date of issuance, (b) is rated in the highest short term rating category by at least one nationally recognized statistical rating service and (c) is issued by a domestic corporation whose unsecured senior debt is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category; and (vii) Investment Agreements that are fully collateralized by Permitted Collateral.

“Project” means the “dormitory” as defined in the Act located on the campus of City College of New York, financed in whole or in part from the proceeds of the sale of the Bonds, as more particularly described in a Series Resolution authorizing the issuance of Bonds in connection with such Project.

“Project Management Agreement” means the Project Management Agreement, dated as of March 2, 2005, among EHS, the Authority, the Managing Agent and CUNY, and assigned to and assumed by the Institution pursuant to that certain Assignment and Assumption of Project Management Agreement, dated as of October 31, 2008, between EHS and the Institution, providing for the operation and maintenance of the Project, as the same may from time to time be amended, supplemented or otherwise modified, or any successor agreement between the Authority, CUNY and other parties (if any) providing for the maintenance of the Project and the determination of the Operating Budget.

“Rating Service” means each of Fitch, Moody’s and S&P, in each case, which has assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns.

“Redemption Price” means the principal amount of such Bond plus the premium, if any, payable upon redemption thereof pursuant to the Resolution or to the Series Resolution or the Bond Series Certificate.

“Refunding Bonds” means all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered pursuant to Article III, Section 4.06 or Section 10.07 of the Resolution, on original issuance pursuant to Section 2.04 of the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

“Repair and Replacement Reserve Fund” means the fund so designated, created and established pursuant to the Resolution.

“Repair and Replacement Reserve Fund Requirement” means the repair and replacement reserve fund requirement established for each Bond Year in accordance with the Project Management Agreement.

“Resolution” means the “EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bond Resolution” adopted by the members of the Authority on March 19, 2021, as the same may be from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

“Reserve Fund Facility” means a surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to Section 5.07 of the Resolution or in accordance with a Supplemental Resolution or the applicable Series Resolution.

“Revenue Fund” means the fund so designated, created and established pursuant to the Resolution.

“Revenues” means (i) payments under the Loan Agreement, (ii) the Assigned Revenues assigned and to be paid to the Authority or the Trustee pursuant to the Loan Agreement (which assignment is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution), (iii) any payments made by CUNY pursuant to the Support Agreement and (iv) any other amounts payable to the Authority as a result of the exercise of any of the Authority’s rights pursuant to the Loan Agreement or the Mortgage.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and its successors and assigns.

“Securities” means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) any bond, debenture, note, or, with the consent of the Insurer, 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, “AA” or better by S&P or “AA” by Fitch or is rated with a comparable rating by any other nationally recognized rating service acceptable to the Authority and the Insurer and, (v) with the consent of the Insurer, common stock of any corporation incorporated in the United States which, at the time an investment therein is made or such stock is deposited in any fund or account under the Resolution, is rated “A-” or better by S&P or Moody’s, Fitch or whose senior debt, if any, 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 “AA” or better by Fitch or is rated with a comparable rating by any other nationally recognized rating service acceptable to the Authority and the Insurer.

“Senior Bonds” means any obligations Outstanding under the Senior Resolution.

“Senior Loan Agreement” means the Loan Agreement, dated as of March 2, 2005, between the Authority and EHS, and assigned to and assumed by the Institution pursuant to the Assignment and Assumption of Loan Agreement, dated as of October 31, 2008, between EHS and the Institution, with respect to the Senior Bonds, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

“Senior Resolution” means the “Educational Housing Services Insured Revenue Bond Resolution” adopted by the members of the Authority on March 2, 2005, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

“**Series**” means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to the Series Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 4.06 or Section 10.07 to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

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

“**Sinking Fund Installment**” means, as of any date of calculation and with respect to any Bonds, so long as any Bonds are Outstanding, the amount of money required by the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating to such Bonds, to be paid on a single future July 1 for the retirement of any Outstanding Bonds which mature after said future July 1, but does not include any amount payable by the Authority by reason only of the maturity of such Bond, and said future July 1 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.

“**Standby Purchase Agreement**” means an agreement between the Authority and another person pursuant to which such person is obligated to purchase Option Bonds tendered for purchase.

“**State**” means the State of New York.

“**Supplemental Resolution**” means any resolution of the members of the Authority amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms of Article IX of the Resolution.

“**Support Agreement**” means the Support Agreement, dated as of June 17, 2021, between the Authority and CUNY, as the same may from time to time be amended, supplemented or otherwise modified.

“**Tax Certificate and Agreement**” means the Tax Certificate and Agreement concerning certain matters pertaining to the use of proceeds of the Bonds, executed by and delivered to the Authority, the Institution and the Trustee on the date of issuance of the Bonds, including any and all exhibits attached thereto.

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

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

“**Variable Interest Rate**” means a variable interest rate or rates to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds, the method of computing such variable interest rate is specified in the Series Resolution authorizing such Bonds or a Bond Series Certificate, and shall be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) or a function of such objectively determinable interest rate or rates which may be in effect from time to time or at a particular time or times; provided, however, that such variable interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Series Resolution or a Bond Series Certificate or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or a Bond Series Certificate; and provided that such interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate; provided, further, that such Series Resolution or Bond Series Certificate shall also specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

“**Variable Interest Rate Bond**” means any Bond which bears a Variable Interest Rate; provided, however, that a Bond shall not be considered to be a Variable Interest Rate Bond during any period that it will bear interest at a fixed rate per annum to and including its stated maturity date.

**EHS Towers LLC Special Purpose Financial Statements
for the Years Ended December 31, 2020 and 2019**

**EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)**

FINANCIAL STATEMENTS

**YEARS ENDED DECEMBER 31, 2020 AND 2019
with
INDEPENDENT AUDITORS' REPORT**

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Horton, Lee, Burnett,
Peacock, Cleveland
& Grainger, P.C.

Partners & Certified Public Accountants

H.B. Lee, Jr., CPA
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Emily W. Brown, CPA
Anita H. Cusimano, CPA
Kelli J. Busby, CPA
Cooper M. Horton, Jr., CPA
(1930-2012)

Independent Auditors' Report

Board of Directors of Educational Housing Services, Inc.
EHS Towers LLC
(A wholly-owned subsidiary of Educational Housing Services, Inc.)
New York, NY

We have audited the special-purpose statements of assets, liabilities, and net assets of EHS Towers LLC (a wholly-owned subsidiary of Educational Housing Services, Inc., a nonprofit organization), (the Organization) as of December 31, 2020 and 2019, and the related special-purpose statements of revenues and expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (continued)

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of EHS Towers LLC as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying special-purpose financial statements were prepared at the request of Educational Housing Services, Inc. and exclude building costs, furniture and fixtures, bond funds and related debt as discussed in Note 1 and are not intended to be a complete presentation of the Organization's assets, liabilities, net assets, revenues and expenses. Our opinion is not modified with respect to that matter.

*Horton, Lee, Bennett, Pascock,
Cleveland & Shainiger, P.C.*

Birmingham, AL

May 6, 2021

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS

December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 523,200	\$ 516,694
Rent receivable (net of allowance for doubtful accounts)	115,598	150,650
Receivable - related party	22,921	51,237
Prepaid expenses	94,523	71,718
Total current assets	<u>756,242</u>	<u>790,299</u>
Capital assets, net	<u>339,857</u>	<u>376,122</u>
Other assets:		
Restricted cash	<u>134,867</u>	<u>776,068</u>
	<u>\$ 1,230,966</u>	<u>\$ 1,942,489</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 151,949	\$ 141,829
Payable - related party	417,018	119,240
Unearned rental revenue	207,828	1,453,314
Accrued expenses and other current liabilities	226,647	217,248
Total current liabilities	<u>1,003,442</u>	<u>1,931,631</u>
Net assets:		
Without donor restrictions	<u>227,524</u>	<u>10,858</u>
	<u>\$ 1,230,966</u>	<u>\$ 1,942,489</u>

See accompanying notes.

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

SPECIAL-PURPOSE STATEMENTS OF REVENUES AND EXPENSES

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Rental income	\$ 3,826,509	\$ 8,367,653
Conference income	34,128	608,523
Other operating income	95,822	173,100
Total revenues, without donor restrictions	<u>3,956,459</u>	<u>9,149,276</u>
Operating expenses and losses		
Program expenses:		
Payroll	588,221	629,960
Utilities	560,211	585,269
Net transfers to trustee	337,866	5,360,029
Building maintenance	318,686	532,727
Common area	182,467	270,090
Insurance	138,467	93,398
Depreciation	60,255	38,344
Bad debt expense	32,570	95,261
Advertising	15,137	20,782
Ground maintenance	10,397	12,520
Rental	1,712	20,577
Total program expenses	<u>2,245,989</u>	<u>7,658,957</u>
Management and general expenses:		
Institution fees	906,644	251,457
Management fee	361,017	350,502
Administrative	226,143	462,231
Total management and general expenses	<u>1,493,804</u>	<u>1,064,190</u>
Losses:		
Casualty recovery on building	-	(920)
Total expenses and losses, without donor restrictions	<u>3,739,793</u>	<u>8,722,227</u>
Change in net assets, without donor restrictions	216,666	427,049
Net assets (deficit), without donor restrictions		
Beginning of the year	<u>10,858</u>	<u>(416,191)</u>
End of the year	<u>\$ 227,524</u>	<u>\$ 10,858</u>

See accompanying notes.

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

SPECIAL-PURPOSE STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 216,666	\$ 427,049
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	60,255	38,344
(Increase) decrease in rent receivable	35,052	(38,234)
Decrease in receivable - related party	28,316	61,510
Decrease in other receivables	-	90,000
Increase in prepaid expenses	(22,805)	(20,794)
Increase (decrease) in accounts payable	10,120	(62,356)
Increase in payable - related party	297,778	325
Increase (decrease) in unearned rental revenue	(1,245,486)	193,911
Increase in accrued expenses and other current liabilities	9,399	7,477
Total adjustments	<u>(827,371)</u>	<u>270,183</u>
Net cash provided by (used in) operating activities	<u>(610,705)</u>	<u>697,232</u>
Cash flows from investing activities		
Purchase of capital assets	(23,990)	(231,549)
Net cash used in investing activities	<u>(23,990)</u>	<u>(231,549)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(634,695)	465,683
Cash, cash equivalents and restricted cash		
Beginning of year	<u>1,292,762</u>	<u>827,079</u>
End of year	<u>\$ 658,067</u>	<u>\$ 1,292,762</u>

See accompanying notes.

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

EHS Towers LLC (the "Organization") is a wholly-owned subsidiary of Educational Housing Services, Inc., which owns a student housing facility (the "Project") designed to house approximately 600 students, in both private bedroom units and shared suite fully furnished units, located on the campus of City College of New York City, New York, a system under the City University of New York ("CUNY"). The Project is operated under a Management Agreement between CUNY, the Organization, the Dormitory Authority of the State of New York (the "Authority") and Capstone On-Campus Management, LLC ("Capstone"). CUNY engaged Capstone to serve as both property developer and property manager, with responsibility for construction and operation of the Project, subject to CUNY's oversight. These financial statements represent the transactions and balances of the Project managed by Capstone On-Campus Management, LLC. The Organization's role in the Project is limited to the administration of Project's bank account and other reporting services, for which it receives an annual fee.

Basis of accounting

The accompanying financial statements are prepared using the accrual basis of accounting with the exception of excluding building cost, certain furniture and fixtures, bond funds and related debt in the statement of assets and liabilities, at the request of Educational Housing Services, Inc. As monthly debt payments of principal and interest become due and are transferred from restricted cash to a trustee account, these transfers are reflected in the statement of revenues and expenses as net transfers to trustee.

Net assets without donor restrictions

There are no donor-imposed restrictions or other significant limits that would restrict the use of the net assets. Accordingly, all net assets are accounted for as net assets without donor restrictions.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates; however, in the opinion of management such differences will not be material to the financial statements.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019, were \$15,137 and \$20,782, respectively.

**EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)**

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable and allowance for doubtful accounts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization allows for estimated losses on accounts receivable based on an aging report of accounts receivable. For year ended December 31, 2020 management considered fifty percent of all receivables aged 90 days and over as uncollectible.

For the year ended December 31, 2019, management individually reviewed all balances over 90 days for potential collection based on creditworthiness, expectation of financial aid and other circumstances that may affect collection. Bad debt recoveries are charged against the allowance accounts as realized.

Bad debt recoveries are charged against the allowance accounts as realized. The allowance for doubtful accounts amounted to \$76,963 and \$116,260 at December 31, 2020 and 2019, respectively.

Revenue recognition

Rental Income, Conference income and Other operating income:

The Organization applies Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers with respect to its accounting for rental income, conference income and other operating income. Capstone On-Campus Management, LLC, as the agent, generally enters into licensing arrangements with terms of twelve months (annual license) and ten months (academic license) with CUNY students. Capstone sets the rental charges to the students, subject to CUNY's oversight and approval. The Project recognizes revenue monthly as earned. The Organization does not substantially benefit from the rental income nor bear the risk of operating shortfalls. It is not uncommon for students to pay license in advance. These amounts are recorded as unearned rental revenue on the Statement of assets and liabilities. Conferences are generally held between June and August of the respective year. The contract price is based on the term and services provided. Other operating income includes late fees, license arrangement processing/administrative fees, license cancellation fees, electronic funds service fees and other miscellaneous operating related income. The performance obligations of providing residents with these services are stipulated within the license agreement and are provided at a point in time.

For year ended December 31, 2020, the Project realized a negative impact on rental income due to the spread of the COVID-19 coronavirus. Rental income was reduced due to the license arrangements not being able to be fulfilled for a portion of the license term. The amount of reduction of rental income for year ended December 31, 2020 was \$1,086,995, which is included in these financial statements as a reduction of "Rental income".

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash equivalents

For purposes of the statement of cash flows, all investment instruments purchases with a maturity of three months or less are considered cash equivalents. At December 31, 2020 and 2019, there were no cash equivalents. Restricted cash consists of rental revenues deposited for payment of debt service. An approved monthly budget amount is transferred from restricted cash to the Organization's operating account to cover the expense of operations.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash within the balance sheet that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 523,200	\$ 516,694
Restricted cash included in other assets	<u>134,867</u>	<u>776,068</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 658,067</u>	<u>\$ 1,292,762</u>

Capital assets, net

The Organization capitalizes property and equipment with a cost over \$5,000 and an estimated useful life of over two years. Capital assets purchased through operations are recorded at cost and are being depreciated over the estimated useful life of the respective asset. Depreciation is computed using the straight-line method. Depreciation expense for the years ended December 31, 2020 and 2019 was \$60,255 and \$38,344, respectively.

Functional allocation of expenses

The special-purpose statements of revenues and expenses present the natural classification detail of expenses by function. Costs are identified with a specific program or supporting function at the time they are incurred and reported accordingly.

Income taxes

The Organization is a single-member limited liability company and accordingly will be treated as a disregarded separate entity for income tax purposes. As such, the activities are reported on the return of its sole member, Educational Housing Services, Inc. Educational Housing Services, Inc. is a non-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); therefore, no provision or liability for income taxes has been included in these financial statements.

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 2 - BALANCE SHEET DETAILS

The following table provides detail of selected balance sheet items:

	<u>2020</u>	<u>2019</u>
Rent receivable		
Rent receivable	\$ 192,561	\$ 266,910
Less: allowance for doubtful accounts	<u>76,963</u>	<u>116,260</u>
	<u>\$ 115,598</u>	<u>\$ 150,650</u>
Receivable - related party		
Due from institution - repair and replacement	<u>\$ 22,921</u>	<u>\$ 51,237</u>
Capital assets, net		
Office equipment	\$ 468,841	\$ 444,851
Less: accumulated depreciation	<u>128,984</u>	<u>68,729</u>
	<u>\$ 339,857</u>	<u>\$ 376,122</u>
Payable - related party		
Due to institution - fee	\$ 416,933	\$ 119,155
Due to EHS - project funding	<u>85</u>	<u>85</u>
	<u>\$ 417,018</u>	<u>\$ 119,240</u>
Accrued expenses and other current liabilities		
Accrued management fees	\$ 183,177	\$ 177,841
Accrued payroll and other liabilities	<u>43,470</u>	<u>39,407</u>
	<u>\$ 226,647</u>	<u>\$ 217,248</u>

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at financial institutions located in Alabama and New York. For the years ended December 31, 2020 and 2019, accounts at each institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020 and 2019, the Organization had an uninsured balance of \$347,290 and \$709,963, respectively.

NOTE 4 - ORGANIZATION MANAGEMENT

The City University of New York, the Dormitory Authority of the State of New York, Educational Housing Services, Inc. predecessor-in-interest to EHS Towers LLC, and Capstone On-Campus Management, LLC entered into a management agreement that was in effect for a fifteen-year fixed term beginning April 14, 2005 and expiring April 14, 2020. The parties have agreed in principle to a short-term extension pending final approval of the parties.

Capstone On-Campus Management, LLC conducts the management and daily operations of the Organization. The management of the Organization includes collection of rents, payment of expenses, repairs, maintenance and administrative services. All employees necessary or appropriate to manage the Organization are under the control and supervision of Capstone On-Campus Management, LLC.

The management fee is a fixed amount previously agreed upon by Educational Housing Services, Inc. and Capstone On-Campus Management, LLC. After the initial year, management fees increase three percent each succeeding year. Management fees for the period ending December 31, 2020 were \$361,017, of which \$183,177 was payable at December 31, 2020. Management fees for December 31, 2019 were \$350,502, of which \$177,841 was payable at December 31, 2019.

NOTE 5 - RELATED PARTY TRANSACTIONS

Under the management agreement discussed in Note 4, the Organization is to receive an Annual Institution Fee from the Project beginning after the first twelve months of operations. Prior year's Annual Institution Fee was calculated as an amount equal to the greater of \$150,000 or 2.625% of the gross revenues of the Project for that lease year. However, the Organization determined the Annual Institution Fee from the Project, per the Management Agreement, should be changed to reflect the greater of \$200,000 or 3.5% of the gross revenues of the Project for each applicable lease year after 2008. The additional Annual Institution Fee derived from the change in calculation was subject to the approval of CUNY and as such, the additional accrual was not reflected in the financial statements until such approval was determined. During the year ended December 31, 2020, the additional fee was approved by CUNY and was calculated retrospectively to prior years, as applicable. The total amount of additional Annual Institution Fee calculated retrospectively is \$692,656.

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 5 - RELATED PARTY TRANSACTIONS (CONTINUED)

For each lease year, the Annual Institution Fee due is equal to the greater of \$200,000 or 3.5% of the gross revenues of the Project for that lease year. However, for the period July 1, 2020 to June 30, 2021, the Organization has agreed to a reduced fixed fee of \$100,000. Accordingly, for the years ended December 31, 2020 and 2019, the institution fees expense was \$906,644 and \$251,457, respectively, of which \$416,933 and \$119,155 were payable at December 31, 2020 and 2019.

Capstone On-Campus Management, LLC requests funds to be disbursed from the Repair and Replacement Fund, held by the Organization, and deposited into the operating account as necessary to pay for repair and replacement cost related to the Project. For years ending December 31, 2020 and 2019, funds had been disbursed from the operating account to pay for repair and replacement costs and are due from the Repair and Replacement Fund in the amount of \$22,921 and \$51,237, which is included in these financial statements as "Receivable – related party".

For years ending December 31, 2020 and 2019, an amount of \$85 is due to Educational Housing Services, Inc. for funds remaining in the project fund.

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value at December 31, 2020 and 2019.

NOTE 7 - CASUALTY LOSS (RECOVERY)

On October 20, 2018, the Organization sustained water damage to an area of the building. For the year ended December 31, 2019, a recovery of \$920 was recorded due to an over accrual of expense associated with the casualty loss.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available to meet cash needs for general expenditures within one year of December 31, 2020 are as follows:

Cash and cash equivalents	\$	523,200
Accounts receivable		<u>138,519</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 \$	 <u>661,719</u>

EHS TOWERS LLC
(A WHOLLY-OWNED SUBSIDIARY OF
EDUCATIONAL HOUSING SERVICES, INC.)

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

NOTE 9 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which is the same date as the Independent Auditors' Report.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have a negative impact on net income. As noted in Note 1, income has been negatively impacted during year ended December 31, 2020. The extent to which COVID-19 may further impact the Project's financial condition or results of operations will depend on certain developments, including the duration and spread of the outbreak. At this point, the extent of which COVID-19 may impact Project's financial condition or results of operations is uncertain.

**City University of New York Financial Statements for
the Year Ended June 30, 2020**

THE CITY UNIVERSITY OF NEW YORK

Basic Financial Statements,
Management's Discussion and Analysis,
and Supplementary Schedules

June 30, 2020

(With Independent Auditors' Report Thereon)

THE CITY UNIVERSITY OF NEW YORK

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees of
The City University of New York:

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The City University of New York (the "University") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of one of the two blended component units, which represent 1%, 1%, and 5% of the assets, net position, and revenues, respectively, of the business-type activities and 27 of the 85 discretely presented component units, which represent 73%, 71%, and 49% of the assets, net position, and revenues, respectively, of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the one blended component unit and 27 discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

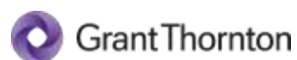
In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of The City University of New York as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Required supplementary information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 18, and the schedules of employer contributions, proportionate share of the net pension liability and changes in total OPEB liability and the related ratios as of June 30, 2020 on pages 66, 67, and 68, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Net Position Information – Senior and Community Colleges as of June 30, 2020, the Schedule of Revenues, Expenses, and Changes in Net Position Information – Senior and Community Colleges for the year ended June 30, 2020, and the Schedule of Cash Flow Information – Senior and Community Colleges for the year ended June 30, 2020 included on pages 69, 70, and 71, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements



themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on 2019 summarized comparative information

We have previously audited the University's 2019 basic financial statements (not presented herein), and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units in our report dated December 13, 2019. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
March 2, 2021

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

Introduction

The objective of Management's Discussion and Analysis (MD&A) is to provide readers with an overview of The City University of New York's (CUNY) financial condition as of and for the years ended June 30, 2020 and 2019, the results of its operations for the years then ended, and significant changes from the previous year. Prior year balances have been reclassified or restated to conform to the current year presentation. This discussion has been prepared by management and should be read in conjunction with the accompanying audited financial statements and the notes to the financial statements.

The University's financial report communicates financial information for 25 colleges and schools including: eleven senior colleges, seven community colleges, the William E. Macaulay Honors College, the Graduate School and University Center, the Craig Newmark Graduate School of Journalism at CUNY, the CUNY School of Law, the CUNY School of Professional Studies, the CUNY Graduate School of Public Health and Health Policy, and the CUNY School of Labor and Urban Studies. The University's financial statements also include the financial activity of the following related organizations: the Research Foundation of the City University of New York (RF-CUNY), and its subsidiary, 230 West 41st Street LLC, and the City University Construction Fund (CUCF).

The financial statements also present twenty-eight (28) college foundations, twenty-five (25) auxiliary enterprise corporations and other component units, twenty-one (21) student association organizations and eleven (11) child care centers of the individual colleges as discretely presented component units. The financial activities of these organizations are not included in the discussion presented below. The basis for determining which University related organizations are considered part of the University's reporting entity and therefore presented blended within the University's financial statements, is included in note 1 of the financial statements.

The City University of New York

The City University of New York provides high-quality, accessible education to undergraduate and graduate students at 25 colleges and schools across New York City, and its facilities include 300 buildings comprised of approximately 29 million square feet of classrooms, computer centers, science and language labs, theaters, gymnasiums, greenhouses, astronomy observatories and spaces for many other purposes. From certificate courses to PhD programs, CUNY offers post-secondary education to students of all backgrounds. It provides New York City with graduates trained for high-demand positions in the sciences, technology, mathematics, teaching, nursing, and other fields.

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

The University's Financial Position

The major components of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
	(in thousands)	(in thousands)
Current assets	\$ 1,987,722	\$ 1,912,233
Other noncurrent assets	460,861	752,254
Capital assets	<u>6,199,376</u>	<u>6,188,084</u>
Total assets	<u>8,647,959</u>	<u>8,852,571</u>
Deferred outflows of resources	<u>526,508</u>	<u>408,202</u>
Current liabilities	1,543,411	1,342,955
Noncurrent liabilities	<u>8,300,577</u>	<u>8,442,868</u>
Total liabilities	<u>9,843,988</u>	<u>9,785,823</u>
Deferred inflows of resources	<u>482,556</u>	<u>401,002</u>
Net position:		
Net investment in capital assets	719,003	766,644
Restricted		
Nonexpendable	67,190	67,608
Expendable	330,517	453,996
Unrestricted	<u>(2,268,787)</u>	<u>(2,214,300)</u>
Total net deficit	\$ <u>(1,152,077)</u>	\$ <u>(926,052)</u>

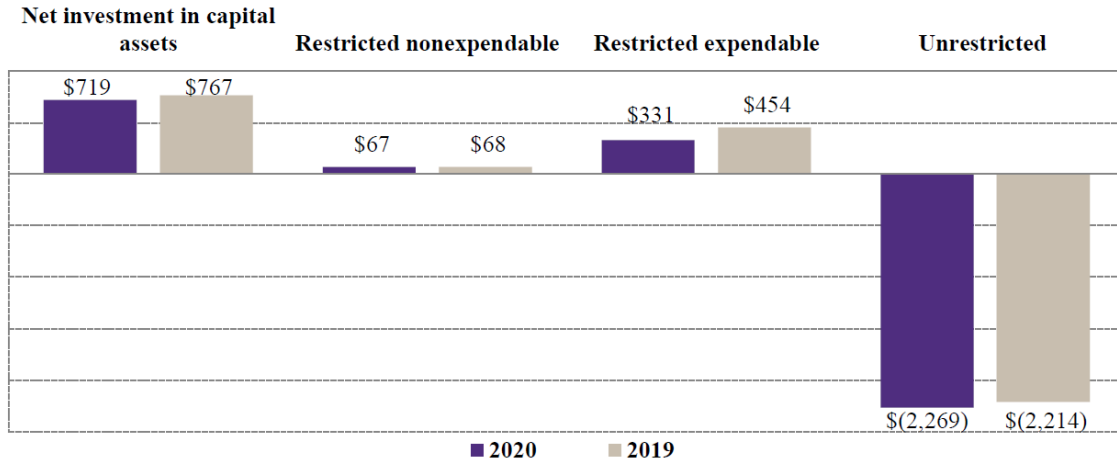
Net Position (deficit)

CUNY's net deficit was \$1,152.1 billion and \$926.1 billion at June 30, 2020 and 2019, respectively.

THE CITY UNIVERSITY OF NEW YORK
 Management's Discussion and Analysis
 June 30, 2020

Net Position (deficit)

(in millions)



CUNY's total net deficit increased by \$226.0 million between June 30, 2019 and June 30, 2020. The change is primarily attributable to an increase in restricted expendable net position of \$123.5 million, an increase in unrestricted net deficit of \$54.5 million and an increase in net investment in capital assets of \$47.6 million.

Net investment in capital assets represents the University's capital assets net of accumulated depreciation and outstanding principal balances of debt related to the acquisition, construction, or improvement of those assets.

Restricted nonexpendable net position primarily represents gifts from donors that have been permanently restricted (endowment).

Restricted expendable net position includes the net position restricted for operations, facilities, scholarships, student loan programs, and other activities.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. A deficit represents the excess of liabilities and deferred inflows over assets and deferred outflows. In the case of CUNY, the deficit is primarily due to the recognition of pension and other post-employment benefit obligations.

THE CITY UNIVERSITY OF NEW YORK

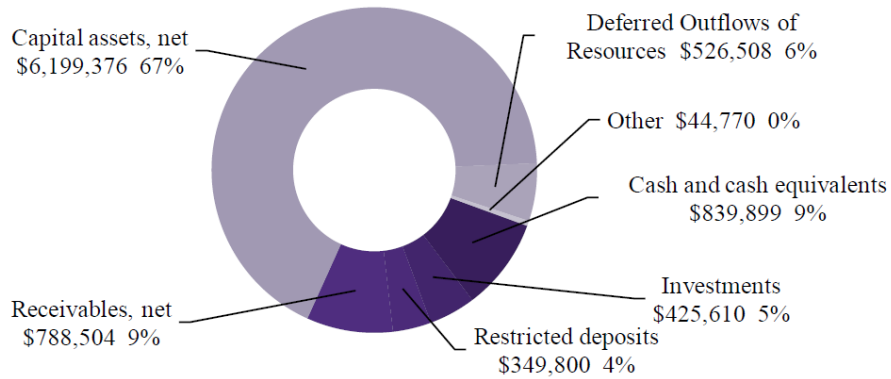
Management's Discussion and Analysis

June 30, 2020

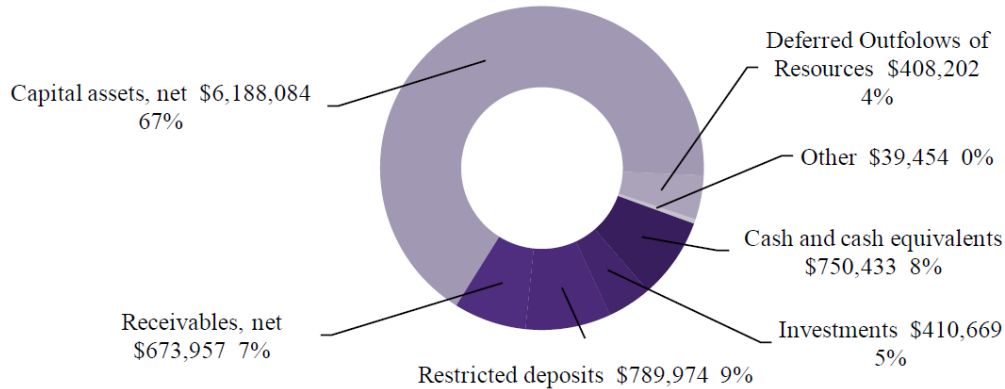
Assets and Deferred Outflows of Resources

At June 30, 2020, the University's total assets and deferred outflows of resources decreased by \$86.3 million, or 0.1%, as compared to the June 30, 2019 balance. The variance is primarily attributable to a decrease in restricted deposits held by the University's bond trustees and the Dormitory Authority of the State of New York (DASNY) on behalf of the University of \$440.2 million; offset by increases in cash and cash equivalents of \$89.5 million; accounts receivable of \$114.5 million; deferred outflows on debt refundings of \$64.2; and deferred outflows of resources related to total pension liability of \$52.0 million.

2020 Assets and Deferred Outflows of Resources (in thousands)
\$9,174,467



2019 Assets and Deferred Outflows of Resources (in thousands)
\$9,260,773



THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

The most significant fluctuations are discussed below:

Restricted deposits includes deposits held by bond trustees and amounts held by the Dormitory Authority of the State of New York (DASNY), the independent state agency authorized to issue debt on behalf of the University. Deposits held by bond trustees are bond proceeds not yet expended for construction projects and related accumulated investment income. Restricted amounts held by DASNY represent funds that have been remitted to DASNY to be used for rehabilitation of capital assets or held for general operating purposes on behalf of CUNY.

Restricted deposits were \$349.8 million and \$790.0 million in fiscal years 2020 and 2019, respectively. The decrease of \$440.2 million is attributable to expenditures on the University's construction and rehabilitation projects over the course of the fiscal year. Restricted deposits held by bond trustees will fund CUNY's capital construction program, which includes ongoing maintenance and a program of rehabilitation.

Accounts Receivable increased by \$114.5 million from June 30, 2019, primarily due to timing of receipt of payments from New York State Higher Education Services Corporation (HESC) for the Tuition Assistance Program (TAP) and the Excelsior Scholarship totaling \$52.6 million. Additionally, \$48.3 million was due to timing of appropriations received. A partial payment of \$32.0 million from the amounts due from HESC for fiscal year 2020 was received after year end.

Cash and cash equivalents increased by \$89.5 million between June 30, 2019 and June 30, 2020 primarily due to timing of cash transfers to New York State and New York City. In fiscal year 2019, the majority of transfers related to the fiscal year were made prior to June 30, 2019. In fiscal 2020, some transfers related to the current fiscal year were made after June 30, 2020.

Deferred outflows on debt refunding increased by \$64.2 million between June 30, 2019 and June 30, 2020. In fiscal 2020 there was an increase in bond refundings on the University's debt in reaction to market conditions and interest rate fluctuations.

Deferred outflows of resources – pension related increased by \$52.0 million between June 30, 2019 and June 30, 2020 primarily due to changes in actual versus expected activity by pensioners and projected versus actual investment earnings on pension assets.

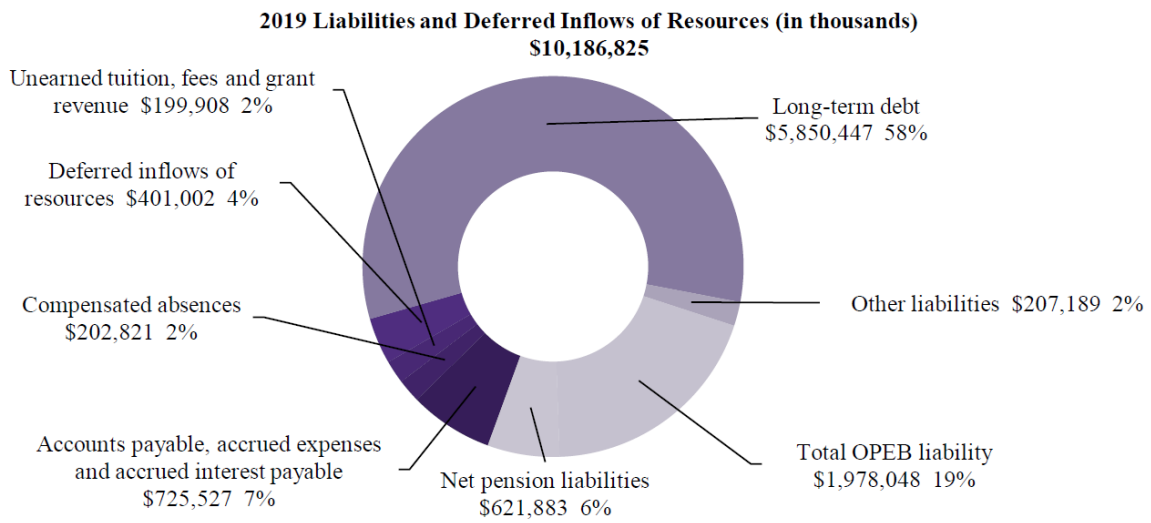
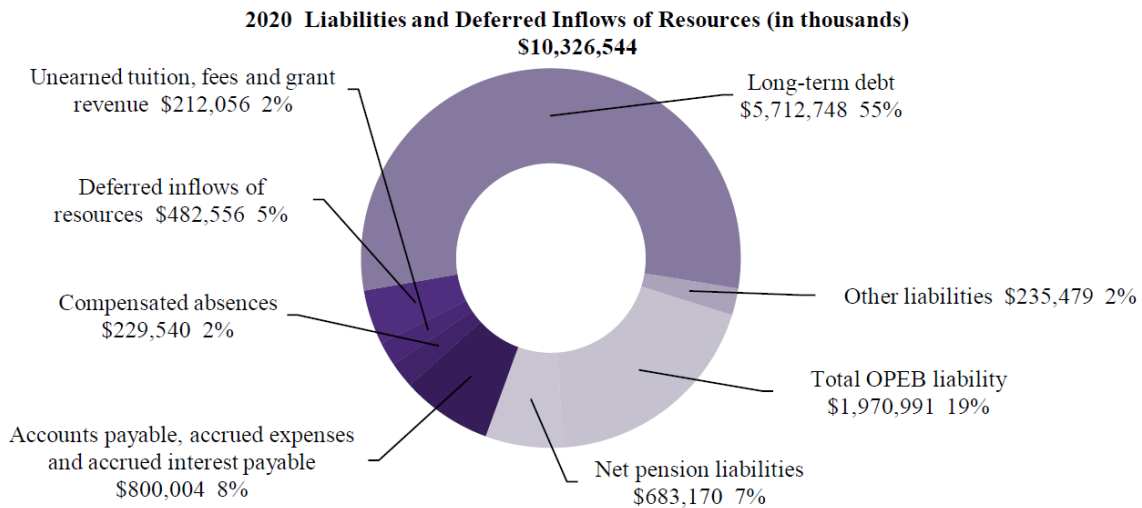
THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

Liabilities and Deferred Inflows of Resources

At June 30, 2020, the University's total liabilities and deferred inflows increased by \$139.7 million, or 1.4%, from June 30, 2019. The variance was mostly attributable to a \$81.6 million increase in deferred inflows of resources, a \$74.5 million increase in accounts payable and accrued expenses, and a \$61.3 million increase in net pension liability. This is partially offset by a \$137.7 million decrease in long-term debt.



THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

The most significant fluctuations are discussed below:

Deferred inflows of resources increased by \$81.6 million. This variance was primarily due to an increase in Other Post-Employment Benefits (OPEB)-related deferred inflows of \$137.1 million which is driven by changes in assumptions related to health care savings initiatives, repeal of the Cadillac tax act and the change in discount rate. This was offset by a decrease in deferred inflows related to pension of \$55.5 million which is primarily attributable to differences between projected and actual earnings on plan investments as well as changes in assumptions.

Accounts payable and accrued expenses increased by \$7.5 million between fiscal years 2019 and 2020 primarily due to timing of payments.

Net pension liability increased \$61.3 million between fiscal years 2019 and 2020 mainly due to the increase in the University's proportionate share of the net pension liability.

Long term debt decreased by \$137.7 million and is mostly attributable to \$566.7 million in debt retirement which was offset by \$432.6 million in new debt issued through DASNY.

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

The University's Results of Operations

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's results of operations, as well as nonoperating activities. In accordance with GASB requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are required to be recorded as nonoperating revenues, including state educational appropriations, federal nonoperating grant revenues, private gifts, and investment income. A summarized comparison of the results for the years ended June 30 including operating and nonoperating components are presented below:

	2020	2019
	(in thousands)	(in thousands)
Revenues:		
Total operating revenues	\$ 1,752,261	\$ 1,772,588
Total nonoperating and other revenues	<u>3,491,878</u>	<u>3,438,368</u>
Total revenues	<u>5,244,139</u>	<u>5,210,956</u>
Expenses:		
Total operating expenses	5,258,645	5,045,661
Total nonoperating expenses	<u>211,519</u>	<u>267,532</u>
Total expenses	<u>5,470,164</u>	<u>5,313,193</u>
Decrease in net position	<u>(226,025)</u>	<u>(102,237)</u>
Net deficit at beginning of year	<u>(926,052)</u>	<u>(823,815)</u>
Net deficit at end of year	<u>\$ (1,152,077)</u>	<u>\$ (926,052)</u>

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

Revenues

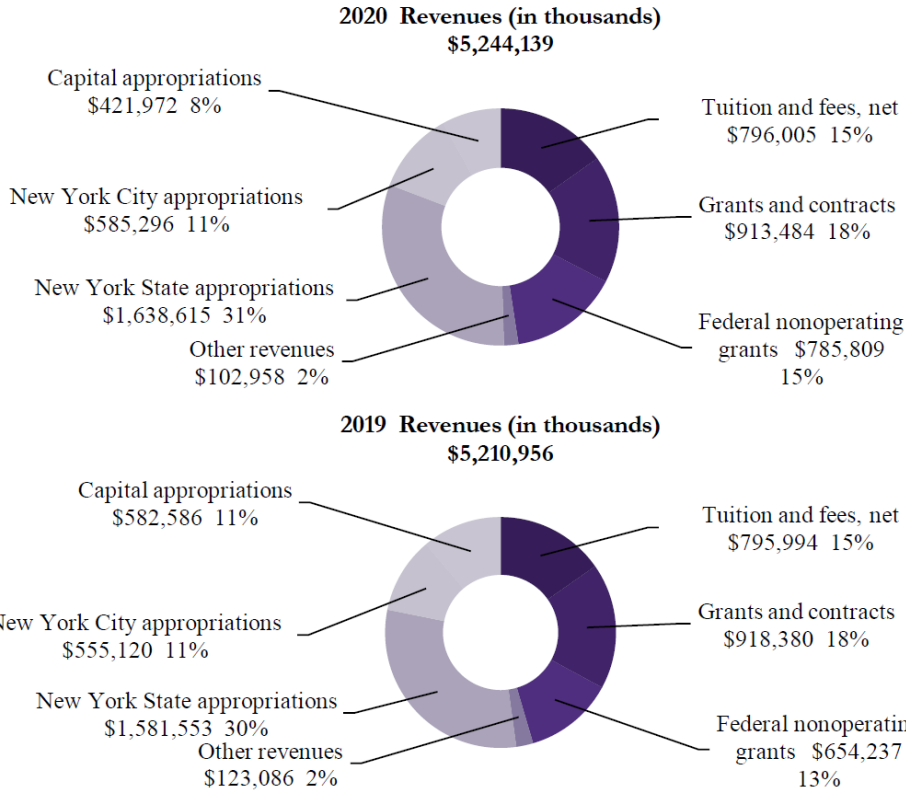
The University's revenues for the years ended June 30 are presented below:

	2020	2019
	(in thousands)	(in thousands)
Revenues:		
Operating revenues:		
Tuition and fees, net	\$ 796,005	\$ 795,994
Grants and contracts	913,484	918,380
Auxiliary enterprises	5,321	6,946
Other operating revenues	<u>37,451</u>	<u>51,268</u>
Total operating revenues	<u>1,752,261</u>	<u>1,772,588</u>
Nonoperating and other revenues:		
New York State appropriations	1,638,615	1,581,553
New York City appropriations	585,296	555,120
Capital appropriations	421,972	582,586
Federal nonoperating grants	785,809	654,237
Gifts and grants	5,694	4,481
Net appreciation in fair value of investments	8,062	27,581
Investment income, net	27,173	10,383
Other nonoperating revenues, net	16,412	20,561
Transfer from Foundations	<u>2,845</u>	<u>1,866</u>
Total nonoperating and other revenues	<u>3,491,878</u>	<u>3,438,368</u>
Total revenues	<u>\$ 5,244,139</u>	<u>\$ 5,210,956</u>

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020



The University's total revenues were \$5.2 billion for the year ended June 30, 2020 which represents a decrease of \$33.2 million, or 0.6%. The variance was primarily attributed to a decrease in capital appropriations of \$160.6 million. This decrease was partially offset by an increase in federal nonoperating grants of \$131.6 million, and New York State appropriations of \$57.1 million.

Capital appropriations decreased by \$160.6 million primarily due to a decrease in required debt service during fiscal year 2020.

Federal nonoperating grants increased \$131.6 million primarily due to the University being a recipient of grant aid under the Higher Education Emergency Relief Fund of the Coronavirus Aid Relief and Economic Security Act ("CARES Act"). As of June 30, 2020 the University distributed \$107.4 million directly to students to assist them in covering expenses related to the disruption of their educational pursuits due to coronavirus as well as \$28.8 million in reimbursement to offset costs incurred with the significant change in delivery of instruction due to the coronavirus.

New York state appropriations increased by \$57.1 million primarily due to the State of New York providing funding for the University's fringe benefit cost increases.

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

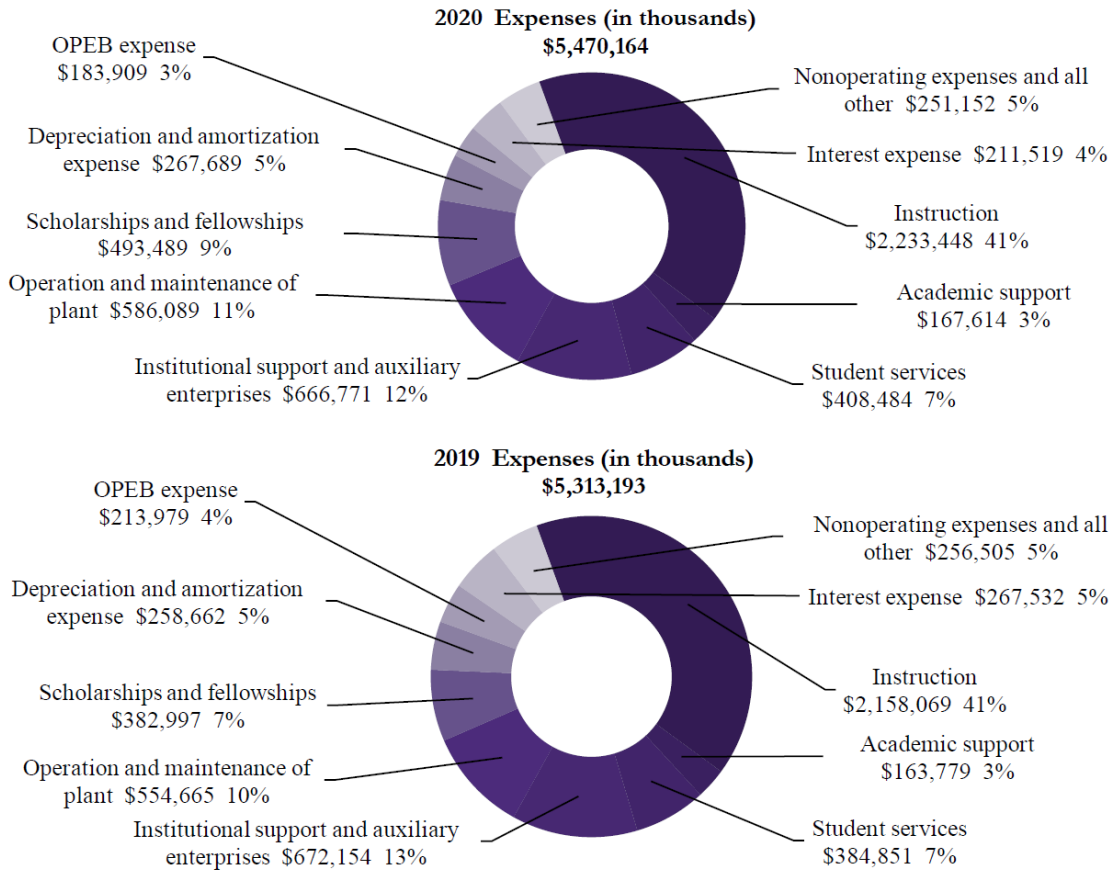
June 30, 2020

Expenses

The University's expenses for the years ended June 30 are presented below:

	<u>2020</u>	<u>2019</u>
	(in thousands)	(in thousands)
Expenses:		
Operating expenses:		
Instruction	\$ 2,233,448	\$ 2,158,069
Research	168,174	177,551
Public service	82,978	78,954
Academic support	167,614	163,779
Student services	408,484	384,851
Institutional support and auxiliary enterprises	666,771	672,154
Operating and maintenance of plant	586,089	554,665
Scholarship and fellowships	493,489	382,997
Depreciation and amortization expense	267,689	258,662
OPEB expense	<u>183,909</u>	<u>213,979</u>
Total operating expenses	<u>5,258,645</u>	<u>5,045,661</u>
Nonoperating expenses:		
Interest expense	<u>211,519</u>	<u>267,532</u>
Total nonoperating expenses	<u>211,519</u>	<u>267,532</u>
Total expenses	\$ <u>5,470,164</u>	\$ <u>5,313,193</u>

THE CITY UNIVERSITY OF NEW YORK
 Management's Discussion and Analysis
 June 30, 2020



Total expenses for the period ended June 30, 2020 were \$5.5 billion, which reflected an increase of \$157.0 million, or 3.0%. This variance was primarily attributable to an increase in Instruction and Scholarship and Fellowship expenses.

During the 2020 fiscal year, instructional expenses increased by \$75.4 million mostly due to an increase of \$68.9 million in personnel service costs. In fiscal year 2020, the University finalized collective bargaining agreements which provided retroactive increases for certain union members, including faculty.

Scholarship and fellowship expenses increased by \$110.5 million, primarily due to CARES grants provided directly to students to assist them in covering expenses related to the disruption of their educational pursuits due to coronavirus.

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

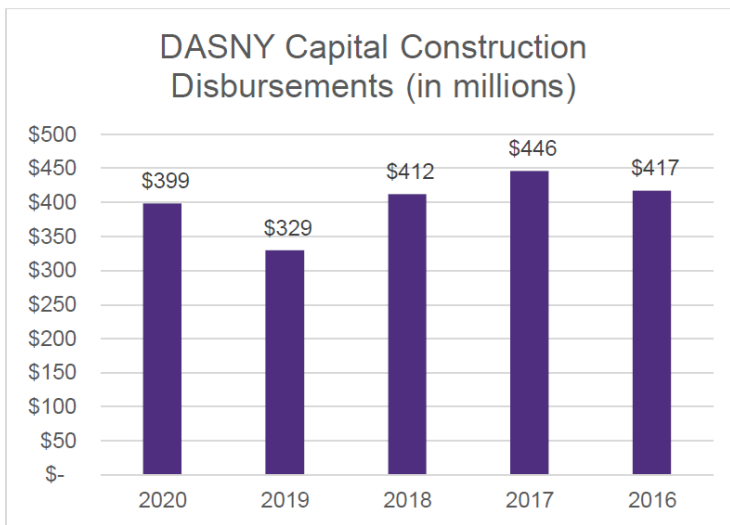
June 30, 2020

Capital Assets

At June 30, 2020, the University had \$6.2 billion in capital assets which is net of accumulated depreciation of \$5.1 billion. Annual depreciation expense totaled \$267.2 million for the year ended June 30, 2020.

The University's capital program addresses the major new construction, rehabilitation, and capital equipment needs of its colleges and schools and is developed in accordance with the University's established priority system as articulated in its Master Capital Plan. Funding is based upon a five year capital plan, which is subject to final approval by the State and City of New York. A complete list of project and construction costs is included in the Master Capital Plan. Most of CUNY's capital program is conducted through DASNY on behalf of CUNY.

The following depicts disbursements made by DASNY for the University's capital construction projects since 2016:



Capital construction disbursements increased from prior year by \$69.5 million. Funding for capital construction and rehabilitation of educational facilities is provided principally through the issuance of bonds authorized by CUCF and funded through DASNY. Some rehabilitation projects are also funded through City of New York and State of New York appropriations.

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

Economic Factors That Will Affect the Future

CUNY continues to navigate the uncertainty that the coronavirus pandemic has caused in New York City and New York State as well as higher education in general. CUNY conducted its summer 2020 semester via distance learning as well as most of fall 2020 and spring 2021 classes are being administered through distance learning. CUNY's expenses have shifted in order to respond to the coronavirus pandemic to support distance learning and the health and safety of our students, faculty and staff. Certain costs of transitioning to the distance learning modality were and continue to be covered by grants provided to the University under the Higher Education Emergency Relief Fund of the Coronavirus Aid Relief and Economic Security Act ("CARES Act").

Public Support and Fiscal Year 2021 Fiscal Condition

A crucial element to the University's future continues to be a strong relationship with the State of New York and the City of New York. New York State appropriations remain the largest single source of revenues to the University. For fiscal year 2020, State operating appropriations totaled \$1.6 billion, while the City provided over \$513.0 million.

The current enacted State Operating Budget for fiscal year 2021 added \$60.5 million for senior colleges, a 1.5% increase. This increase includes the State providing for additional fringe benefit expenses (\$50.7 million) offset by an overall baselined decrease in State support (\$26.2 million) that was announced in January 2021. Included in the State's budget agreement is authorization to increase tuition rates by \$200. The University has not yet acted on that authorization. Although the State base aid rate per community college student remains the same as the prior year, overall State funding for community colleges is projected to decrease by \$7.4 million due to enrollment losses.

The current enacted City Budget for fiscal year 2021 called for \$4.7 million in additional funding for community colleges. The budget includes funding of \$13.5 million for collective bargaining increases, \$11.5 million towards fringe benefits, \$5.0 million for building rentals and energy increases, and a reduction of \$25.3 million in general operating funding above prior year savings targets. In fiscal year 2020, the City savings target for CUNY was \$21.0 million, thus the cumulative reduction in fiscal year 2021 is \$46.3 million.

On the capital side, the University received \$728.9 million in new capital appropriations for fiscal year 2021, \$685.0 million from New York State of which \$300.0 million is a matching program which requires CUNY provide \$100.0 million in non-State funds to access the State's \$200.0 million; and \$43.9 million from the City of New York.

The University has taken several actions to manage its finances and support its students, faculty and staff through the financial challenges brought on by the pandemic. In April 2020, the University implemented a hiring and spending freeze, and created a University-wide Vacancy Review Board to maintain vacant positions and consolidate the responsibilities of existing positions. The University has also reduced costs through the consolidation of campus space; reduced the headcount and hours of the part-time workforce; eliminated travel, and enhanced energy savings as a result of the transition to distance learning. The increase in Summer Session enrollment generated additional revenue that has helped defray costs incurred as a result of the public health crisis.

THE CITY UNIVERSITY OF NEW YORK

Management's Discussion and Analysis

June 30, 2020

Tuition and Enrollment

The City University of New York is the largest public urban university in the nation, with preliminary headcount enrollment of 257,530 for Fall 2020 (fiscal year 2021) representing a 5.1% decrease from Fall 2019. This decline was offset by a record enrollment increase for Summer 2020 term (fiscal year 2021) of 90,124, representing a 15.5% increase from Summer 2019. For Fall 2020, undergraduate enrollment at the senior colleges was stable, graduate-degree programs are experiencing an increase, and community college enrollment has declined from Fall 2019 levels. The University's student population is directly influenced by New York City demographics, as the majority of students attending CUNY are New York City residents. CUNY is closely monitoring the enrollment outlook in light of the coronavirus pandemic which has had a direct impact on the University.

Risks

The City University of New York is influenced by many factors that are difficult to predict, and that involve uncertainties that may materially affect actual operating results, cash flows, and financial conditions.

In higher education, risk drivers include fierce competition for faculty, students, staff, and financial resources; pressure for increased productivity, responsiveness, and accountability, while reducing costs; increased scrutiny from government, the public, and governing boards; and technological innovation which continues to transform education delivery systems.

Several other factors are also relevant to the University's financial health. These include changes in the number of full-time faculty, student retention, graduation rates, building conditions, and campus safety.

THE CITY UNIVERSITY OF NEW YORK

Statement of Net Position

June 30, 2020

(In thousands)

	Business-type activities	Discretely presented component units	
	University	Supporting organizations	Total
Assets:			
Current assets:			
Cash and cash equivalents (note 3)	\$ 839,899	\$ 111,182	\$ 951,081
Short-term investments (note 3)	76,462	100,040	176,502
Restricted deposits held by bond trustees (note 8)	163,911	1	163,912
Restricted amounts held by the Dormitory Authority of the State of New York (note 8)	107,650	—	107,650
Receivables, net (note 4)	781,421	45,400	826,821
Prepaid expenses and other current assets	18,379	47,599	65,978
Total current assets	1,987,722	304,222	2,291,944
Noncurrent assets:			
Restricted cash (note 3)	12,625	—	12,625
Long-term investments, unrestricted (note 3)	144,191	66,299	210,490
Long-term investments, restricted (note 3)	204,957	777,924	982,881
Restricted deposits held by bond trustees (note 8)	78,239	6,532	84,771
Long-term receivables, net (note 4)	7,083	28,231	35,314
Capital assets, net (note 5)	6,199,376	153,034	6,352,410
OPEB assets (note 10)	3,066	—	3,066
Other noncurrent assets	10,700	502	11,202
Total noncurrent assets	6,660,237	1,032,522	7,692,759
Total assets	8,647,959	1,336,744	9,984,703
Deferred outflows of resources:			
OPEB related (note 10)	338,037	—	338,037
Pension related (note 9)	55,066	—	55,066
Interest rate swap agreements (note 7)	58,386	—	58,386
Deferred amount on debt refundings	75,019	4,005	79,024
Total deferred outflows of resources	526,508	4,005	530,513
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses (note 6)	709,828	17,896	727,724
Compensated absences (note 7)	142,233	412	142,645
Unearned tuition and fees revenue	81,436	3,354	84,790
Accrued interest payable	90,176	1,216	91,392
Current portion of long-term debt (note 7)	296,086	10,052	306,138
Unearned grant revenue	130,620	1,004	131,624
Other current liabilities	59,004	13,223	72,227
Deposits held in custody for others	34,028	2,351	36,379
Total current liabilities	1,543,411	49,508	1,592,919
Noncurrent liabilities:			
Compensated absences (note 7)	87,307	—	87,307
Total OPEB liability (note 10)	1,970,991	—	1,970,991
Long-term debt (note 7)	5,416,662	140,222	5,556,884
Federal refundable loans (note 7)	4,744	—	4,744
Net pension liabilities (note 9)	683,170	—	683,170
Interest rate swap agreements (note 7)	58,386	—	58,386
Other noncurrent liabilities	79,317	739	80,056
Total noncurrent liabilities	8,300,577	140,961	8,441,538
Total liabilities	9,843,988	190,469	10,034,457
Deferred inflows of resources:			
OPEB related (note 10)	306,050	—	306,050
Pension related (note 9)	176,506	—	176,506
Total deferred inflows of resources	482,556	—	482,556
Net (deficit) position:			
Net investment in capital assets	719,003	2,021	721,024
Restricted:			
Nonexpendable	67,190	492,760	559,950
Expendable:			
Debt service	77,219	—	77,219
Scholarships and general educational support	141,197	312,505	453,702
Loans	7,245	15	7,260
Other	104,856	131,928	236,784
Unrestricted	(2,268,787)	211,051	(2,057,736)
Total net (deficit) position	\$ (1,152,077)	\$ 1,150,280	\$ (1,797)

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2020
(In thousands)

	Business-type activities		Discretely presented component units		Total
	University	Supporting organizations	Supporting organizations	Eliminations	
Revenues:					
Operating revenues:					
Tuition and fees (net of scholarship allowance of \$999,687)	\$ 796,005	\$ 29,799	\$ —	\$ (191)	\$ 825,613
Grants and contracts:					
Federal	140,505	3,552	—	(841)	143,216
New York State	400,773	3,291	—	(11)	404,053
New York City	212,663	3,936	—	(192)	216,407
Private	159,543	799	—	(5,427)	154,915
Total grants and contracts	913,484	11,578	—	(6,471)	918,591
Sales and services of auxiliary enterprises	5,321	29,212	—	—	34,533
Other operating revenues	37,451	77,858	—	(40,636)	74,673
Total operating revenues	1,752,261	148,447	—	(47,298)	1,853,410
Expenses:					
Operating expenses:					
Instruction	2,233,448	1,140	—	—	2,234,588
Research	168,174	—	—	—	168,174
Public service	82,978	1,220	—	(59)	84,139
Academic support	167,614	68,309	—	(2,539)	233,384
Student services	408,484	40,843	—	(14,860)	434,467
Institutional support	665,684	38,393	—	(14,581)	689,496
Operation and maintenance of plant	586,089	35	—	—	586,124
Scholarships and fellowships	493,489	29,952	—	—	523,441
Auxiliary enterprises	1,087	64,529	—	(15,288)	50,328
Depreciation and amortization expense	267,689	4,992	—	—	272,681
OPEB expense	183,909	—	—	—	183,909
Total operating expenses	5,258,645	249,413	—	(47,327)	5,460,731
Operating loss	(3,506,384)	(100,966)	—	29	(3,607,321)
Nonoperating revenues (expenses):					
Government appropriations/transfers:					
New York State	1,638,615	—	—	—	1,638,615
New York City	585,296	—	—	—	585,296
Federal financial aid	785,809	—	—	—	785,809
Gifts and grants	5,694	73,360	—	(30)	79,024
Investment income, net	27,173	19,096	—	—	46,269
Interest expense	(211,519)	(5,757)	—	—	(217,276)
Net appreciation (depreciation) in fair value of investments	8,062	(1,151)	—	—	6,911
Other nonoperating revenues (expenses), net	16,412	10,938	—	—	27,350
Total nonoperating revenues, net	2,855,542	96,486	—	(30)	2,951,998
Loss before other revenues	(650,842)	(4,480)	—	(1)	(655,323)
Capital appropriations					
Additions to permanent endowments	421,972	—	—	—	421,972
Transfer to University (from Foundation)	—	11,540	—	—	11,540
Total other revenues	2,845	(2,845)	—	—	—
Change in net deficit	424,817	8,695	—	—	433,512
Change in net deficit	(226,025)	4,215	—	—	(221,810)
Net (deficit) position, beginning of year	(926,052)	1,146,065	—	—	220,013
Net (deficit) position, end of year	\$ (1,152,077)	\$ 1,150,280	\$ —	\$ —	\$ (1,797)

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Statement of Cash Flows

For the year ended June 30, 2020

(In thousands)

	<u>Business-type activities</u> <u>University</u>
Cash flows from operating activities:	
Collection of tuition and fees	\$ 752,325
Collection of grants and contracts	907,319
Sales and services of auxiliary enterprises	5,321
Collection of other operating revenues	35,203
Payments to suppliers	(145,386)
Payments for utilities	(94,808)
Payments to employees	(2,763,106)
Payments for benefits	(865,741)
Payments for pensions	(365,070)
Payments for scholarships and fellowships	(493,489)
Payments for OPEB	(48,203)
Net cash flows used by operating activities	<u>(3,075,635)</u>
Cash flows from noncapital financing activities:	
New York State and New York City appropriations/transfers	2,175,582
Federal financial aid	780,995
Gifts and grants for other than capital purposes	5,694
Increase in deposits held in custody for others	336
Collections on federal loan funds and related	1,807
Collections from third parties	18,832
Net cash flows provided by noncapital financing activities	<u>2,983,246</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	432,637
Capital appropriations	421,972
Purchases of capital assets	(289,967)
Principal paid on capital debt	(203,833)
Principal amount refunded	(336,882)
Interest paid on capital debt	(304,354)
Amounts paid for bond issuance costs	(5,604)
Decrease in restricted deposits held by bond trustees	423,904
Decrease in restricted amounts held by the Dormitory Authority of the State of New York	16,270
Transfer to University (from Foundations)	2,845
Net cash flows provided by capital and related financing activities	<u>156,988</u>
Cash flows from investing activities:	
Investment income	27,173
Proceeds from sales and maturities of investments	467,896
Purchases of investments	(474,775)
Change in restricted cash	4,573
Net cash flows provided by investing activities	<u>24,867</u>
Increase in cash and cash equivalents	89,466
Cash and cash equivalents at beginning of year	<u>750,433</u>
Cash and cash equivalents at end of year	<u>\$ 839,899</u>

(Continued)

THE CITY UNIVERSITY OF NEW YORK

Statement of Cash Flows
For the year ended June 30, 2020
(In thousands)

	Business-type activities
	University
Reconciliation of operating loss to net cash flows used by operating activities:	
Operating loss	\$ (3,506,384)
Adjustments to reconcile operating loss to net cash flows used by operating activities:	
Depreciation and amortization expense	267,689
Bad debt expense	44,407
Change in operating assets and liabilities:	
Receivables	(109,424)
Prepaid expenses and other assets	(83)
Accounts payable and accrued expenses	74,296
Unearned tuition and fees revenue	4,781
Compensated absences	26,719
Total OPEB liability	137,560
Net pension liabilities	(46,234)
Unearned grant revenue	8,143
Other liabilities	22,895
Net cash flows used by operating activities	\$ (3,075,635)
Noncash transactions:	
Net appreciation in fair value of investments	\$ 8,062
Change in accounts payable attributable to capital assets	9,031

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Notes to Financial Statements

June 30, 2020

(1) Organization and Reporting Entity

The City University of New York (the University or CUNY) is a public urban university located in the City of New York and founded in 1847 as the Free Academy. On April 11, 1961, Governor Nelson A. Rockefeller signed the legislation to formally establish CUNY, uniting seven public urban colleges into a formally integrated system. The following colleges comprise the University:

Senior Colleges

Bernard M. Baruch College

Brooklyn College

The City College

The College of Staten Island

Hunter College

John Jay College of Criminal Justice

Herbert H. Lehman College

Medgar Evers College

New York City College of Technology

Queens College

York College

Graduate and Professional Schools

The Graduate School and University Center

CUNY School of Law

Craig Newmark Graduate School of Journalism

The CUNY School of Professional Studies

The CUNY Graduate School of Public Health and Health Policy

The CUNY School of Labor and Urban Studies

Other Schools

The William E. Macaulay Honors College

Community Colleges

Borough of Manhattan Community College

Bronx Community College

Eugenio María de Hostos Community College

Kingsborough Community College

Fiorello H. LaGuardia Community College

Queensborough Community College

Stella and Charles Guttman Community College

THE CITY UNIVERSITY OF NEW YORK

Notes to Financial Statements

June 30, 2020

In addition to the colleges and schools listed above, two related organizations, the Research Foundation of The City University of New York (RF-CUNY) and its subsidiary, 230 West 41st Street LLC, and the City University Construction Fund (CUCF), are included in the University's Business-Type Activities as blended component units. The key elements for inclusion in the reporting entity as blended component units are based primarily on fiscal dependency and a relationship of financial benefit/burden. The University may also be financially accountable for governmental organizations that are fiscally dependent on it.

The State of New York presents the Senior Colleges and Graduate and Professional Schools, which includes RF-CUNY and a portion of CUCF, as part of the primary government of the State of New York, in its Comprehensive Annual Financial Report. In addition, the Community Colleges are reported as part of the primary government of the City of New York in those annual financial statements.

Separate legal entities meeting the criteria for inclusion as blended component units of the Business-Type Activities are further described below:

(a) RF-CUNY

RF-CUNY is a separate not-for-profit educational corporation and legal entity, which operates as the fiscal administrator for the majority of University-sponsored programs financed by grants and contracts. These programs are for the exclusive benefit of the University and programs include research, training, and public service activities.

230 West 41st Street LLC (41st Street LLC) was established on May 7, 2004 as a Delaware limited liability company. 41st Street LLC was organized pursuant to the Limited Liability Operating Agreement (the Agreement) dated July 14, 2004 by RF-CUNY with a 100% interest in 41st Street LLC. 41st Street LLC was formed to acquire, own, and operate an approximately 300,000 square foot office building located at 230 West 41st Street in New York, New York. 41st Street LLC will continue indefinitely, unless terminated sooner pursuant to the Agreement.

The University has a financial benefit/burden relationship with RF-CUNY, which is fiscally dependent on the University.

(b) CUCF

CUCF is a public benefit corporation, which has the authority to design, construct, reconstruct, and rehabilitate facilities of the University pursuant to an approved master plan. CUCF carries out operations which are integrally related and for the exclusive benefit of the University. The University has a financial benefit/burden relationship with CUCF, which is fiscally dependent on the University.

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(c) Discretely Presented Component Units

The majority of the University's colleges maintain auxiliary service corporations, student association organizations and child care centers. These entities are typically legally separate, nonprofit corporations, which operate, manage and promote educationally related services for the benefit of the campus community. Almost all of the University's colleges also maintain foundations, which are legally separate, nonprofit, affiliated organizations that receive and hold economic resources that are significant to, and that are entirely for the benefit of the colleges, and are required to be included in the reporting entity using discrete presentation requirements. As a result, the combined totals of the campus related auxiliary services corporations, student association organizations, child care centers and foundations are separately presented as discretely presented component units in the University's financial statements in accordance with presentation requirements prescribed by Governmental Accounting Standards Board (GASB). All of the discretely presented component units (which are collectively called Supporting Organizations) listed below have a June 30th year-end.

Separate financial statements are issued for each of these organizations and may be obtained from the individual colleges or The City University of New York, Office of the University Controller, 230 West 41st Street, 5th floor, New York, New York 10036.

Foundations

Senior College and Graduate and Professional Schools Foundations:

- The Baruch College Fund
- The Brooklyn College Foundation, Inc.
- The City College 21st Century Foundation, Inc.
- The City College Fund
- The City University School of Law Foundation, Inc.
- The College of Staten Island Foundation, Inc.
- CUNY Graduate School of Journalism Foundation, Inc.
- CUNY TV Foundation
- Friends of the John D. Calandra Italian American Institute Foundation
- The Graduate Center Foundation, Inc.
- The Hunter College Foundation, Inc.
- John Jay College Foundation, Inc.
- Herbert H. Lehman College Foundation, Inc.
- Macaulay Honors College Foundation
- Medgar Evers Educational Foundation, Inc.
- New York City College of Technology Foundation, Inc.
- Queens College Foundation, Inc.
- School of Professional Studies Foundation, Inc.

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- York College Foundation
- CUNY Graduate School of Public Health and Health Policy Foundation
- CUNY School of Labor and Urban Studies Foundation

Community College Foundations:

- Borough of Manhattan Community College Foundation, Inc.
- Bronx Community College Foundation, Inc.
- Eugenio María de Hostos Community College Foundation
- Kingsborough Community College Foundation, Inc.
- Fiorello H. LaGuardia Community College Foundation, Inc.
- Queensborough Community College Fund, Inc.
- Stella and Charles Guttman Community College Foundation, Inc.

Auxiliary Enterprise Corporations

Senior College Auxiliary Corporations:

- Bernard M. Baruch College Auxiliary Enterprises Corporation
- Brooklyn College Auxiliary Enterprise Corporation
- The City College Auxiliary Enterprises Corporation
- Auxiliary Enterprises of the City University of New York – Graduate School and University Fiduciary Accounts
- Hunter College Auxiliary Enterprises Corporation
- John Jay College of Criminal Justice Auxiliary Services Corporation, Inc.
- CUNY School of Law Justice & Auxiliary Services Corporation
- Herbert H. Lehman College Auxiliary Enterprises Corporation, Inc.
- Medgar Evers College Auxiliary Enterprises Corporation
- Auxiliary Enterprise Board of New York City College of Technology, Inc.
- Queens College Auxiliary Enterprises Association
- The College of Staten Island Auxiliary Services Corporation, Inc. and Subsidiary
- York College Auxiliary Enterprises Corporation

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Community College Auxiliary Corporations:

- Borough of Manhattan Community College Auxiliary Enterprise Corporation
- Bronx Community College Auxiliary Enterprises Corporation
- Eugenio Maria De Hostos Community College Auxiliary Enterprises Corporation
- Kingsborough Community College Auxiliary Enterprises Corporation
- Fiorello H. LaGuardia Community College Auxiliary Enterprises Corporation
- Queensborough Community College Auxiliary Enterprise Association, Inc.
- Stella and Charles Guttman Community College Auxiliary Enterprise Corporation

Student Association Organizations

Senior College Association Organizations:

- Bernard M. Baruch College Association, Inc.
- Brooklyn College Student Services Corporation
- Brooklyn College Association, Inc.
- College of Staten Island Association, Inc.
- The City College Student Services Corporation
- John Jay College of Criminal Justice Student Activities Association, Inc.
- Herbert H. Lehman College Association for Campus Activities, Inc.
- Medgar Evers College Student Faculty Association, Inc.
- College Association of the New York City College of Technology, Inc.
- Queens College Association
- Queens College Student Services Corporation
- Queens College Special Projects Fund
- Q Student Residences, LLC
- York College Association, Inc.

Community College Association Organizations:

- Borough of Manhattan Community College Association, Inc.
- Bronx Community College Association, Inc.
- Eugenio Maria De Hostos Community College Association, Inc.
- Kingsborough Community College Association, Inc.
- Fiorello H. LaGuardia Community College Association, Inc.
- Queensborough Community College Student Activity Association
- Stella and Charles Guttman Community College Association, Inc.

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Child Care Centers

Senior College Child Care Centers:

- Baruch College Early Learning Center, Inc.
- GSUC Child Development and Learning Center, Inc.
- The Children's Learning Center at Hunter College, Inc.
- Children's Center of John Jay College of Criminal Justice, Inc.
- The Lehman College Student Child Care Center, Inc.
- Ella Baker/Charles Romain Child Development Center of Medgar Evers College
- Child Development Center at Queens College, Inc.
- York College Child and Family Center, Inc.

Community College Child Care Centers:

- Borough of Manhattan Community College Early Childhood Center, Inc.
- Hostos Community College Children's Center, Inc.
- Fiorello H. LaGuardia Community College Early Childhood Learning Center Programs, Inc.

Other Component Units

Senior College Other Component Units:

- City College Research Foundation
- The City College Center for the Arts, Inc.
- Lehman College Art Gallery, Inc.
- Lehman College Center for the Performing Arts, Inc.

Community College Other Component Units:

- LaGuardia Education Fund, Inc.

The above organizations are discretely presented to allow the financial statement users to distinguish between the University and the supporting organizations. None of the supporting organizations are considered individually significant compared to the University and the aggregate discretely presented component units. All significant inter-entity transactions have been eliminated.

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(2) Summary of Significant Accounting Policies

(a) Measurement Focus and Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. Accordingly, the University's basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), as promulgated by GASB. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized when incurred, if measurable.

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

(c) Cash Equivalents

Cash equivalents are composed of highly liquid assets such as money market funds, and certificate of deposits with original maturities of 90 days or less.

(d) Investments and Restricted Deposits Held by Bond Trustees

Debt and equity securities, investments held as restricted deposits held by bond trustees and certain other investments with readily determinable fair values are reported at fair value, which is based upon values provided by the University's custodian or current market quotations and assessed by the University for reasonableness, in the accompanying statement of net position. Nonmarketable investments such as hedge funds or other investment funds are carried at estimated fair value based on the net asset values reported by the fund managers. All investment income, including changes in the fair value of investments, is recognized as gain (loss) in the accompanying statement of revenues, expenses, and changes in net position.

In September 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor restricted nonexpendable endowments as is prudent for the uses, benefits, purposes, and duration for which the nonexpendable endowment funds are established.

(e) Noncurrent Assets

Noncurrent assets include: (1) assets or resources commonly identified as those that are expected to be realized in cash or sold or consumed beyond the normal operating cycle (12 months or more); (2) restricted assets (primarily cash and cash equivalents), which should be reported when restrictions on assets change the nature or normal understanding of the availability of the asset; and (3) investments purchased with a long-term objective, which should not be reported as current assets, even though they are within one year of maturity, as the managerial intent is that the resources are not available for current uses or needs. (4) Investments that relate to an endowment or are externally restricted are reported as restricted long-term investments. Cash and investments that are externally restricted to make debt service payments or long-term loans to students, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the accompanying statement of net position.

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(f) Capital Assets

Land, land improvements, buildings, building improvements, leasehold improvements, equipment and software, and infrastructure and infrastructure improvements are stated at cost or appraisal values. Subsequent additions are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Equipment, software, works of art and historical treasures are recorded at cost at date of acquisition or appraised value at date of donation.

In accordance with the University's capitalization policy, only those items with unit costs of more than \$5,000 and useful lives of two years or more are capitalized. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful lives of the structures are capitalized. University capital assets, with the exception of land, construction in progress, and works of art and historical treasures, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 40 years.

(g) Unearned Revenue

Unearned revenue primarily consists of tuition and fees paid for future terms and payments of grant and contracts that have not yet been earned.

(h) Noncurrent Liabilities

Noncurrent liabilities include: (1) principal and interest amounts of debt obligations with contractual maturities greater than one year; (2) federal refundable loans; (3) estimated amounts of compensated absences and other liabilities that are not expected to be paid within the next fiscal year; (4) total OPEB liability; (5) net pension liability; and (6) fair value of interest rate swap agreements with contractual periods in excess of one year.

If a derivative's hedge is effective in significantly reducing an identified risk of rising or falling cash flows or fair values, then its fair value changes are deferred on the statement of net position until the hedged transaction occurs or the derivative ceases to be effective.

(i) Net Position

The University classifies its net position into the following three categories:

Net investment in capital assets

Net investment in capital assets consists of the University's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in this component of net position. Included in this component are also restricted deposits held by bond trustees and DASNY on the University's behalf.

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Restricted

The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Expendable restricted net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Unrestricted net position represent resources derived primarily from student tuition and fees, State and City appropriations/transfers (appropriations), grants and contracts, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

(j) Revenue Recognition

Revenues are recognized in the period earned. Appropriations from New York State and City are recognized as the related expenses are incurred.

New York State and City appropriations remain available provided the expense has been incurred at June 30, 2020 and a liability has been established at September 30, 2020. Accordingly, an appropriation receivable and a corresponding liability for activity that occurs during the period is recorded.

(k) Classification of Revenues

The University's policy for defining operating activities in the accompanying statement of revenues, expenses, and changes in net position is those that serve the University's principal purpose and generally result from exchange transactions, such as payments received for services and payments made for the purchase of goods and services. Examples include: (1) tuition and fees, net of scholarship allowances and bad debt; (2) sales and services of auxiliary enterprises; and (3) most Federal, State, local and private grants and contracts. Nonoperating revenues include activities that have the

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characteristics of nonexchange transactions, such as contributions, operating and capital appropriations from the State and the City of New York, federal financial aid grants (e.g. Pell) and investment income.

(l) Scholarship Allowances

Student tuition and fee revenues are reported net of scholarship allowances and bad debt in the accompanying statement of revenues, expenses, and changes in net position. Scholarship allowances are the differences between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on behalf of students. To the extent that these revenues are used to satisfy tuition and fees, the University has recorded a scholarship allowance.

(m) Income Tax Status

The University is exempt from Federal income taxes on related income pursuant to federal and state tax laws as an instrumentality of both the State of New York and City of New York.

(n) Summary of Significant Accounting Policies Related to Blended Component Units

Purchase Accounting for Acquisition of Real Estate

The fair value of 41st Street LLC's acquired rental property is allocated to the acquired tangible assets, consisting of land, building, and identified intangible assets and liabilities, consisting of the value of above market and below market leases, other value of in-place leases, and value of tenant relationships, based in each case on their fair values.

(o) Adoption of new accounting standards

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations (AROs)* (GASB 83), which will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. GASB 83 is effective for fiscal years beginning after June 15, 2018. The University adopted this statement as of June 30, 2020 and there was not a significant impact on the financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities (GASB 84)*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 was supposed to be effective for fiscal years beginning after December 15, 2018; GASB Statement No. 95 postponed the effective date by one year. The following statement has not yet been implemented, and the University's evaluation of its impact is ongoing.

In June 2017, the GASB issued Statement No. 87, *Leases (GASB 87)*, which addresses information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 was originally effective for fiscal years beginning after December 15, 2019; GASB Statement No. 95 postponed the effective date of GASB 87 by one year. The following statement has not yet been implemented, and the University's evaluation of its impact is ongoing.

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In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)*. The primary objective of this Statement is to improve the information that is disclosed in government financial statements related to debt, including direct borrowings and direct placements. It will also clarify which liabilities government entities should include when disclosing information related to debt. The University adopted this statement as of June 30, 2020 and there was no significant impact on the accompanying financial statements as a result of adopting this statement.

(3) Cash, Cash Equivalents, and Investments

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, establishes disclosure requirements related to the following investment and deposit risks:

(a) Custodial Credit Risk - Deposits

At June 30, 2020, cash and cash equivalents and restricted cash were held by depositories and amounted to approximately \$858,694, of which \$204,740 was insured and \$653,954 was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the University's name. The carrying value of such funds amounted to approximately \$852,524 at June 30, 2020.

(b) Investments

The University invests in various types of investments prudently in order to generate investment income so that it may provide continuous support to University operations.

Investments of the University are held within the University's investments pool (\$361 million), at the Research Foundation of the City University of New York (RF-CUNY) (\$50 million), The City University Construction Fund (\$6 million), and to a lesser extent, locally at the individual colleges.

The Research Foundation maintains a diverse investment portfolio and follows an investment policy and asset guidelines approved and monitored by its board of directors. The portfolio is mainly comprised of US Treasury Bills, US Corporate bonds, mutual funds and exchange-traded funds of high quality and liquidity.

The investments of City University Construction Fund consists of investments in United States Treasury Bills which are collateralized by obligations guaranteed by the United States of America. Investments are made in accordance with the applicable guidance from the New York City Comptroller's Office and are held by the City of New York as custodian in the Construction Fund's name.

The University categorizes assets measured at fair value using valuation hierarchy. The valuation techniques employed are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Investments include cash and money market funds, equity and fixed income securities with observable market prices. Fair value is readily determinable based on quoted market prices in active markets for those securities at the measurement date.

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Level 2: Investments whose inputs are other than quoted prices in active markets that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies.

Level 3: Investments have significant unobservable inputs. The inputs into the determination of fair value are based on the best information available. The University had no level 3 investments in fiscal year 2020.

If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

As a practical expedient to estimate the fair value of the University's interests, certain investments in hedge funds, private equity, and limited partnerships are reported at the net asset value (NAV) determined by the fund managers, without adjustment when assessed as reasonable by the University, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investment existed, and such differences could be material. The investments measured at NAV are not categorized within the fair value hierarchy. As of June 30, 2020, the University had no plans or intentions to sell such investments at amounts different from NAV.

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At June 30, 2020, the University's investments were valued as follows (in thousands):

Investment type	Total fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable (Level 2)
Cash and cash equivalents	\$ 61,645	\$ 61,645	\$ —
Certificates of deposits	2,332	—	2,332
Commingled funds:			
Global equity funds	44,405	—	44,405
U.S. money market fund	21,980	21,980	—
Equities			
Global equities	15,287	15,287	—
U.S. equities	28,470	28,470	—
Fixed income	90,329	90,329	—
International bonds	1,789	—	1,789
Mutual funds:			
Equity fund	30,729	30,729	—
Fixed income	24,532	24,532	—
Treasury inflation-protected securities	4,959	4,959	—
U.S. corporate bonds	13,788	—	13,788
U.S. treasury bills	35,757	29,989	5,768
Total investments by fair value level	<u>376,002</u>	<u>\$ 307,920</u>	<u>\$ 68,082</u>
Investment measured at net asset value (NAV):			
Global equity long/short hedge funds	7,750		
Global macro hedge funds	7,456		
Limited partnerships	19,175		
Multi-strategy funds	7,538		
Systematic trading hedge fund	7,689		
Total investments	425,610		
Less short-term investments	<u>78,462</u>		
Long-term investments	349,148		
Long-term investments, unrestricted	<u>144,191</u>		
Long-term investments, restricted	<u>\$ 204,957</u>		

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The following table presents unfunded commitments, redemption terms, restrictions and notice period for investments that have been valued using NAV as a practical expedient as of June 30, 2020 (\$ in thousands):

Description	Net Asset Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Global equity long/short hedge funds	\$ 7,750	\$ —	Monthly	30 days
Global macro hedge funds	7,456	—	Quarterly	90 days
Limited partnerships	19,175	27,005	Illiquid, Monthly	N/A, 90 days
Multi-strategy funds	7,538	—	Quarterly	60 days
Systematic trading hedge fund	7,689	—	Daily	1 day
Investment measured at net asset value	\$ 49,608	\$ 27,005		

- 1) *Global equity long/short hedge funds* – utilizes over-the-counter (OTC) long dated options as well as short options for investment purposes across several asset classes such as equities, interest rates, commodities, and currencies.
- 2) *Global macro hedge funds* – funds focus to capitalize on macro trends from rapid change/price movement and investments in non-U.S. emerging and frontier markets.
- 3) *Limited partnerships* – private real assets funds, including private limited partnership investments in several funds that are diverse by sector (transportation, energy, metal/mining, commodities, and financial assets) type/structure and geography (North America, Western Europe, Australia).
- 4) *Multi-strategy funds* – Includes funds which invest in a diversified group of investment strategies utilizing both long and short positions in an unlimited range of financial instruments throughout the world.
- 5) *Systematic trading hedge funds* – invests in various security instruments which include futures and foreign exchange contracts.

(c) **Risk Management**

As risk and return are related, the University considers risk along with returns in evaluating each portfolio, asset class or investment manager and shall ensure that risk, in its various forms, is monitored, evaluated and discussed on a regular basis.

- i. Custodial credit risk: The University mitigates this risk by completing an annual review of the custodian bank, their credit rating, and their insurance policies.
- ii. Credit risk:

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At June 30, 2020, the University's investments in debt securities were rated as follows (in thousands):

Type of debt security	Fair value	S&P credit rating
Fixed income	\$ 6,143	AAA
Fixed income	<u>84,186</u>	AA
Total fixed income securities	<u>90,329</u>	
International bonds	580	A-
International bonds	605	BBB+
International bonds	<u>604</u>	BBB
Total international bonds	<u>1,789</u>	
U.S. corporate bonds	548	AA-
U.S. corporate bonds	557	A+
U.S. corporate bonds	1,101	A-
U.S. corporate bonds	4,714	BBB+
U.S. corporate bonds	<u>6,868</u>	BBB
Total U.S. corporate bonds	<u>13,788</u>	
Treasury inflation-protected securities	<u>4,959</u>	AAA
U.S. Treasury bills	<u>35,757</u>	AA+
Total	<u>\$ 146,622</u>	

The University's Investment Policy for the CUNY Investment Pool includes a target allocation to fixed income, as well as reference to specific guidelines for each investment manager.

- iii. Interest rate risk: The University invests in a diversified portfolio comprised of assets that respond differently to changes in interest rates in order to mitigate market fluctuations.

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At June 30, 2020, the University's investments in certificates of deposits and fixed income securities had the following maturities (in thousands):

<u>Investment type</u>	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>More than 10 years</u>
Certificates of deposits	\$ 2,332	\$ 2,332	\$ —	\$ —	\$ —
Fixed income	90,329	11,899	20,569	22,678	35,383
International bonds	1,789	1,789	—	—	—
Mutual funds - Fixed income	24,532	5,129	2,782	2,856	13,765
Treasury inflation-protected securities	4,959	185	2,168	1,899	907
U.S. corporate bonds	13,788	7,188	6,800	—	—
U.S. Treasury bills	35,757	35,757	—	—	—
	<u>\$ 173,486</u>	<u>\$ 64,079</u>	<u>\$ 32,119</u>	<u>\$ 27,233</u>	<u>\$ 50,055</u>

- iv. Foreign currency risk: The University mitigates this risk by investing in only a limited portion of foreign-currency-denominated assets. The University's exposure to this risk is not significant.

(4) Receivables, Net

Receivables consist of the following at June 30, 2020 (in thousands):

Current:

Appropriations receivable	\$ 431,063
Students and financial aid receivable	310,966
Grants and contracts receivable	186,808
Student loans receivable and accrued interest receivable	32,664
Deferred rent receivable	18,669
Other receivables	15,356
Total receivables	995,526
Less allowance for doubtful accounts	(214,105)
Total short-term receivables, net	<u>\$ 781,421</u>

Noncurrent:

Student loans receivable and accrued interest receivable	\$ 7,576
Other receivables	587
Total long-term receivables	8,163
Less allowance for doubtful accounts	(1,080)
Total long-term receivables, net	<u>\$ 7,083</u>

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(5) Capital Assets, Net

Capital assets consist of the following at June 30, 2020 (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020
Buildings	\$ 4,403,394	\$ 7,111	\$ —	\$ 4,410,505
Building improvements	3,230,432	384,905	625	3,614,712
Construction in progress	1,799,801	274,712	401,074	1,673,239
Equipment and software	813,414	26,584	22,271	817,727
Infrastructure and infrastructure improvements	187,849	793	335	188,107
Land	410,897	—	—	410,897
Land improvements	83,234	—	—	83,234
Leasehold improvements	46,636	—	—	46,636
Works of art and historical treasures	18,618	326	103	18,841
Total capital assets	<u>10,993,875</u>	<u>694,431</u>	<u>424,408</u>	<u>11,263,898</u>
Less accumulated depreciation:				
Building	1,966,941	95,031	—	2,061,972
Building improvements	2,061,207	113,804	581	2,174,430
Equipment and software	586,829	45,827	17,941	614,715
Infrastructure and infrastructure improvements	104,066	9,313	20	113,359
Land improvements	76,225	1,592	—	77,817
Leasehold improvements	20,740	1,489	—	22,229
Total accumulated depreciation	<u>4,816,008</u>	<u>267,056</u>	<u>18,542</u>	<u>5,064,522</u>
Total capital assets, net	<u>\$ 6,177,867</u>	<u>\$ 427,375</u>	<u>\$ 405,866</u>	<u>\$ 6,199,376</u>

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(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at June 30, 2020 (in thousands):

Accounts payable and accrued expenses	Amount
Personnel services	\$ 196,064
Fringe benefits	78,161
Capital projects	25,581
Due to City of New York	38,912
Due to State of New York	90,996
Vendors and other	280,114
Total accounts payable and accrued expenses	<u>\$ 709,828</u>

(7) Noncurrent Liabilities

Noncurrent liabilities at June 30, 2020 consist of the following (in thousands):

Noncurrent liabilities	June 30, 2019	Additions	Reductions	June 30, 2020	Current portion
Long-term debt:					
Mortgage loan payable	\$ 62,965	\$ —	\$ 1,325	\$ 61,640	\$ 1,436
Capital lease agreements with DASNY	5,706,770	432,636	566,688	5,572,718	292,230
Capital lease obligation for 42nd St Condominium	40,385	—	73	40,312	80
Capital lease obligation for 79th St Condominium	36,293	—	260	36,033	295
Certificate of Participation	4,034	—	1,989	2,045	2,045
Total long-term debt	<u>5,850,447</u>	<u>432,636</u>	<u>570,335</u>	<u>5,712,748</u>	<u>296,086</u>
Other liabilities:					
Compensated absences	202,821	26,719	—	229,540	142,233
Federal refundable loans	9,368	913	5,537	4,744	—
Other noncurrent liabilities	70,452	13,761	4,896	79,317	—
Interest rate swap agreements	48,703	9,683	—	58,386	—
Total other liabilities	<u>331,344</u>	<u>51,076</u>	<u>10,433</u>	<u>371,987</u>	<u>142,233</u>
Total noncurrent liabilities	<u>\$ 6,181,791</u>	<u>\$ 483,712</u>	<u>\$ 580,768</u>	<u>\$ 6,084,735</u>	<u>\$ 438,319</u>

The table above excludes liabilities related to University pension plans and postemployment benefits which are discussed in Notes 9 and 10, respectively.

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(a) Mortgage Loan Payable

On May 12, 2014, the 41st Street LLC (LLC), a blended component unit of the University, entered into a mortgage loan (the Loan) on existing property with a principal amount of \$70 million, which matures on June 1, 2044.

The Loan bears interest at a rate of 4.75%. The monthly principal and interest payments of \$365,153 began on July 1, 2014. The mortgage is amortized over 30 years with options to be called by the bank in 10 years and then every 5 years thereafter until the mortgage matures. The Loan is collateralized by the property and assignment of rents and other payments from the tenants and is guaranteed by the University. The LLC incurred \$1,307,121 of financing costs in connection with obtaining the new loan, which are being amortized over the life of the loan.

At June 30, 2020, future minimum principal payments are as follows (in thousands):

<u>Fiscal year</u>	<u>Amount due</u>
2021	\$ 1,436
2022	1,505
2023	1,578
2024	1,655
2025	1,735
Thereafter	<u>54,771</u>
	62,680
Less unamortized balance of financing costs	<u>(1,040)</u>
Total mortgage loan payable	<u>\$ 61,640</u>

(b) Capital Lease Agreements with the Dormitory Authority of the State of New York

The University has entered into capital lease agreements for much of its capital assets with the Dormitory Authority of the State of New York (DASNY). In addition, the University has entered into various agreements for construction of other capital assets and the purchase of other equipment through the issuance of certificates of participation. The University has also entered into certain leases for leasehold improvements, which have been treated as capital leases.

Under the University's capital lease agreements with DASNY, construction costs are initially paid with the proceeds of bonds issued by DASNY. The bonds, with a maximum 30-year life, are repaid by DASNY via appropriations received from both New York State and New York City. Annual bond payments are secured by instructional and non-instructional fees, State appropriations for University operating expenditures, per capita State aid to New York City, or New York State personal income tax receipts. Upon repayment of the bonds and the satisfaction of all other obligations under the agreements, all rights, title, and interest in the projects are conveyed to the State of New York (for Senior Colleges) or the City of New York (for Community Colleges).

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The following is a schedule by year of future minimum lease payments by the University to DASNY under these capital leases, together with the net swap amount, assuming current interest rates remain the same, and the present value of the minimum lease payments at June 30, 2020 (in thousands):

Capital lease agreements with DASNY	Principal	Interest	Swap, net	Total
Fiscal year:				
2021	\$ 292,230	\$ 237,405	\$ 11,019	\$ 540,654
2022	185,115	225,119	9,575	419,809
2023	111,435	216,741	9,436	337,612
2024	222,740	211,452	8,775	442,967
2025	180,425	201,270	6,953	388,648
2026-2030	998,735	870,669	15,384	1,884,788
2031-2035	1,108,715	636,927	527	1,746,169
2036-2040	957,945	387,799	—	1,345,744
2041-2045	858,035	142,944	—	1,000,979
2046-2049	167,515	9,686	—	177,201
Total minimum lease payment	<u>\$ 5,082,890</u>	<u>\$ 3,140,012</u>	<u>\$ 61,669</u>	8,284,571
Less amount representing interest				(3,140,012)
Less swap, net				<u>(61,669)</u>
Present value of net minimum lease payments				5,082,890
Plus unamortized original issue premium, net				<u>489,828</u>
Carrying amount of obligation				<u>\$ 5,572,718</u>

Interest rates on DASNY obligations range from 2.0% to 6.1%.

During fiscal year 2020, DASNY issued refunding bonds with a par value of \$427,895,000 and original issued premium of \$4,742,000. Bond proceeds of \$397,033,000 were used to defease \$356,450,000 of existing debt. Under the terms of the resolutions for the defeased bonds, bond proceeds were paid directly to the bondholders of the defeased bonds. As a result, the refunded debt is defeased. The remaining unamortized premium and discount of \$19,568,000 associated with the original debt is deferred and amortized in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. There were no remaining unamortized bond issue costs, underwriter discounts, or any other related costs affiliated with the refunded debt.

As of June 30, 2020, a total of \$348,570,000 of previously outstanding debt was defeased.

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(i) Interest Swaps

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, at various times, DASNY issued certain variable interest rate bonds, and concurrently entered into pay-fixed, receive-variable interest swaps with three counterparties. The swaps are undertaken as a part of the State's overall debt management program. The notional amounts of the swaps match the principal amounts of the associated debt. The swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bond payable" category. The terms, including the fair values and credit ratings of the counterparty associated with the outstanding swaps at June 30, 2020, were as follows (in thousands):

Pay-fixed, receive-variable swaps								
Counterparty	Notional amount	Termination date	Swap fixed rate paid	a Variable swap rate received	Swap fair value	b Counterparty credit rating	Swap insured	Change in fair value
City University System								
Consolidated Revenue								
Bonds, Series 2008C								
and 2008D:								
Hedging derivatives:								
Citibank	\$ 175,784	1/1/25 to 7/1/31	3.36%	65% of LIBOR	\$ (27,018)	Aa3/A+/A+	Yes	\$ (4,477)
Merrill Lynch	102,055	1/1/25 to 7/1/31	3.36	65 of LIBOR	(15,684)	Aa3/AA/NR	Yes	(2,603)
UBS	102,055	1/1/25 to 7/1/31	3.36	65 of LIBOR	(15,684)	Aa3/A+/AA-	Yes	(2,603)
Total pay-fixed swap	\$ 379,894				\$ (58,386)			\$ (9,683)

a London Interbank Offered Rate

b Moody's/S&P/Fitch, respectively

The fixed swap payment rate is higher than current comparable fixed rates (which is used to measure fair value of the swaps at June 30, 2020), resulting in the swap fair value liability of \$58,386,000. The swap fair values were estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement on the swaps. These swaps are recorded net of a credit valuation adjustment that reflect the credit risk of the parties to the agreements. These swaps are classified in Level 2 of the fair value hierarchy. These derivative instruments meet the criteria for effective hedges and therefore the accumulated change in fair value is reported as a deferral in the statement of net position as deferred outflows of resources.

Market Access Risk. The swap agreements are exposed to market access risk. There is risk that DASNY will not be able to enter the credit markets or that credit will become more costly. If that occurs, expected cost savings from the swap may not be realized.

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Credit Risk. At June 30, 2020, the swap agreements were not exposed to credit risk on those swaps with negative fair values. However, should interest rates change and the fair values of those swaps become positive, then the swap agreements would be exposed to credit risk in the amount of the swaps' fair value.

The guidelines set forth by DASNY require that the counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings that are obtained from any other nationally recognized statistical rating agency for such counterparty shall be within the three highest investment grade categories, or the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings.

Interest Rate Risk. The pay-variable, receive-fixed interest rate swaps increase the exposure to interest rate risk. The variable interest rate to the counterparties is based on the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). As SIFMA increases, the net payment on the swaps increases.

Basis Risk. The pay-fixed, receive-variable swap agreements are exposed to basis risk. DASNY is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate representing 65% of the one-month LIBOR. The amount of the variable rate swap payments received from the counterparties does not necessarily exactly equal the actual variable rate payable to the bondholders. Should the relationship between LIBOR and actual variable rate payments converge, the expected cost savings may not materialize.

Termination Risk. The swap contracts use the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay, default on any other debt in an aggregate amount greater than the agreed-upon thresholds, and bankruptcy. The schedule to the Master Agreement includes additional termination events, providing that the swap may be terminated if either the downgrade of the applicable state supported bonds or the debt of the counterparty falls below certain levels. DASNY or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If the counterparty to the swap defaults or if the swap is terminated, the related variable rate bonds would no longer be hedged and DASNY would no longer effectively be paying a synthetic fixed rate with respect to those bonds. A termination of the swap agreement may also result in DASNY making or receiving a termination payment. If, at the time of termination, the swap has a negative fair value, DASNY would incur a loss and would be required to settle with the other party at the swap's fair value. If the swap has a positive value at the time of termination, DASNY would realize a gain that the other party would be required to pay.

Rollover Risk. Since the terms of the individual swaps correlate to match the final maturity of the associated debt, DASNY is not exposed to rollover risk.

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(c) *Capital Lease Obligation for 42nd St Condominium*

The University entered into a condominium agreement for space in a building located at 205 East 42nd Street to relocate CUNY's central headquarters, previously located at 535 East 80th Street. The agreement is for a 30-year "leasehold condominium" ownership structure with the Durst Organization for several floors in the building — approximately 165,000 rentable square feet of space, including a storefront. The leasehold condominium ownership structure provides the University with an ownership interest in its floors for the 30-year term of the transaction. The interest rate on this agreement is fixed at 7.0%.

The following is a summary of future minimum payments required under this agreement at June 30, 2020 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year:			
2021	\$ 80	\$ 1,313	\$ 1,393
2022	86	1,307	1,393
2023	92	1,544	1,636
2024	99	2,126	2,225
2025-2029	610	11,693	12,303
2030-2034	4,866	12,108	16,974
2035-2039	16,789	5,149	21,938
2040-2043	<u>17,690</u>	<u>1,311</u>	<u>19,001</u>
Total minimum lease payment	\$ <u>40,312</u>	\$ <u>36,551</u>	76,863
Less amount representing interest			<u>(36,551)</u>
Carrying amount of obligation			<u>\$ 40,312</u>

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(d) Capital Lease Obligation for 79th St Condominium

The University entered into a condominium agreement for a building located at 334 East 79th Street for students attending Hunter College. The agreement is for a 30 year "leasehold condominium" with Hawkins Way Capital for approximately 27,144 gross square feet. The interest rate on this agreement is fixed at 5.0%.

The following is a summary of future minimum payments required under this agreement at June 30, 2020 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year:			
2021	\$ 295	\$ 1,795	\$ 2,090
2022	332	1,779	2,111
2023	371	1,762	2,133
2024	413	1,742	2,155
2025-2029	2,784	8,340	11,124
2030-2034	4,278	7,469	11,747
2035-2039	6,270	6,167	12,437
2040-2044	8,908	4,290	13,198
2044-2049+	12,382	1,656	14,038
Total minimum lease payment	<u>\$ 36,033</u>	<u>\$ 35,000</u>	71,033
Less amount representing interest			<u>(35,000)</u>
Carrying amount of obligation			<u>\$ 36,033</u>

(e) Compensated Absences

Employees accrue vacation leave based upon time employed, with the maximum accumulation generally ranging from 45 to 50 days. The recorded liability for accrued vacation leave, including the University's share of fringe benefits, is \$229.5 million at June 30, 2020. Employees also earn sick leave credits, which are considered termination payments and may be accumulated up to a maximum of 160 days. Accumulated sick leave credits are payable up to 50% of the accumulated amount as of the date of retirement. The recorded liability for sick leave credits is \$79.7 million at June 30, 2020.

8) Restricted Deposits Held by Bond Trustees and Restricted Amounts Held by the Dormitory Authority of the State of New York

Restricted deposits held by bond trustees include bond proceeds not yet expended for construction projects and related accumulated investment income. Bond proceeds and interest income in excess of construction costs are restricted for future projects or debt service. In addition, restricted deposits held by bond trustees include reserves required for debt service and replacement under lease agreements, together with earnings on such funds.

Restricted amounts held by DASNY represent funds that have been remitted to DASNY to be used for rehabilitation of capital assets or held for general operating purposes for DASNY on behalf of the University.

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Restricted deposits held by bond trustee and restricted amounts held by DASNY by type at June 30, 2020 are as follows (in thousands):

Deposits held by trustee and amounts held by DASNY	Fair value	Significant other observable (Level 2)
Type:		
Cash and cash equivalents	\$ 265,239	\$ —
U.S. Treasury notes and bonds	87	87
U.S. Treasury bills	84,474	84,474
Total	\$ 349,800	\$ 84,561

* The financial instruments are not rated

Restricted deposits held by bond trustee and restricted amounts held by DASNY are subject to the following risks:

(a) Custodial Credit Risk

Custodial credit risk for restricted deposits held by bond trustee and restricted amounts held by DASNY is the risk that in the event of a bank failure or counterparty failure, the University will not be able to recover the value of its cash and investments in the possession of an outside party. At June 30, 2020, all of the \$349,800 are held by DASNY or the bond trustee, not in the University's name.

(b) Credit Risk

For an investment security, credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Under investment agreements, restricted deposits held by bond trustee and restricted amounts held by DASNY are invested with financial institutions at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such an instrument; however, at the time the agreements are entered into, the underlying providers are generally rated in at least the second highest rating category by at least one of the nationally recognized rating organizations in accordance with established investment policy and guidelines.

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. During fiscal year 2020, restricted deposits held by bond trustee and restricted amounts held by DASNY were not exposed to concentration of credit risk.

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments primarily consist of obligations of the U.S. government and are reported at fair value with maturities of one year or less.

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(9) Pension Plans

Defined Benefit Plans – NYCERS and NYCTRS

The University participates in both the New York City Employees Retirement System (NYCERS) and the Teachers Retirement System of the City of New York (NYCTRS), which are cost sharing, multiple employer public employees' retirement system.

NYCERS provides defined pension benefits to approximately 191,500 active municipal employees and 157,150 pensioners through \$79.5 billion in assets. Classified employees who receive permanent appointment to a competitive position and have completed six months of service are required to participate in NYCERS, and all other employees are eligible to participate in NYCERS. NYCERS provides pay related retirement benefits, as well as death and disability benefits. The total amount of the University's employees' covered payroll related to NYCERS for the year ended June 30, 2020 is approximately \$268.8 million.

NYCTRS provides defined pension benefits to approximately 123,340 active teachers and 88,510 pensioners through \$91.8 billion in assets. Instructional full time staff employees (teaching and non-teaching) are required to choose either NYCTRS or the Optional Retirement Plan (ORP) administered by Teachers' Insurance and Annuity Association – College Retirement Equities Fund (TIAA) within 30 days of their initial permanent appointment. If an active selection is not made, the employee will be placed into NYCTRS. The pension system election (NYCTRS or the ORP) is irrevocable as long as the employee remains continuously employed in any position within CUNY. Adjuncts may participate in NYCTRS on a voluntary basis. NYCTRS provides pay related retirement benefits, as well as death and disability benefits. The total amount of the University's employees' covered payroll related to NYCTRS for the year ended June 30, 2020 is approximately \$282.9 million.

Both NYCERS and NYCTRS issue a financial report that includes financial statements and required supplementary information, which may be obtained by writing to NYCERS at 335 Adams Street, Brooklyn, New York 11201 or NYCTRS at TRS at 55 Water Street, New York, New York 10041.

Contribution requirements of the active employees and the participating New York City agencies are established and may be amended by the NYCERS and NYCTRS Board. Employees' contributions are determined by their Tier and number of years of service. They may range between 0.00% and 9.10% of their annual pay.

Statutorily required contributions (Statutory Contributions) to NYCERS and NYCTRS, determined by the New York City Office of the Actuary in accordance with State statutes and City laws, are funded by the employer within the appropriate fiscal year. The University made its contractually required contributions to both NYCERS and NYCTRS in fiscal year 2020 of \$46.2 million and \$95.8 million, respectively.

NYCERS and NYCTRS provide three main types of retirement benefits: service retirements, ordinary disability retirements (non-job related disabilities), and accident disability retirements (job related disabilities) to members who are in different "Tiers." The members' Tier is determined by the date of membership. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 years of service. Annual pension benefits can be calculated as a percentage of final average salary multiplied by the number of years of service and changes with the number of years of membership within the plan. Benefits for members can be amended under the State Retirement and Social Security Law.

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The University's respective net pension liability, deferred outflow of resources, deferred inflows of resources, and pension expense related to the Senior Colleges and Graduate and Professional Schools for NYCERS and NYCTRS are calculated by the Office of the Actuary, City of New York. At June 30, 2020, the University reported a liability of \$261.5 million and \$421.7 million for NYCERS and NYCTRS, respectively, for its proportionate share of the respective NYCERS and NYCTRS net pension liabilities. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the University's measurement date of June 30, 2020 for both NYCERS and NYCTRS. The University's proportionate share of the respective net pension liabilities for the fiscal year was based on the University's actual contributions to NYCERS and NYCTRS relative to the total contributions of participating employers for each plan for fiscal 2020, which was 1.240% and 2.669% for NYCERS and NYCTRS, respectively. The proportionate share of the NYCERS and NYCTRS net pension liability, deferred outflow of resources, deferred inflows of resources, and pension expense for the University's community colleges is included in the financial statements of the City of New York.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the NYCERS and NYCTRS, and additions to/deductions from NYCERS' and NYCTRS' respective fiduciary net position have been determined on the same basis as they are reported by NYCERS and NYCTRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about NYCERS and NYCTRS, please refer to the respective plan's Comprehensive Annual Financial Report (CAFR), which can be found at www.nycers.org and www.trsnyc.org, respectively.

(a) Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation for both NYCERS and NYCTRS was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	In general, merit and promotion increases plus assumed general wage increase of 3.0% per annum.
Investment rate of return	7.0% net of pension plan investment expense. Actual return for variable funds.
Cost of living adjustment	1.5% and 2.5% for various Tiers

Mortality rates and methods used in determination of the total pension liability for both NYCERS and NYCTRS were adopted by the New York City Retirement System (NYCRS) Boards of Trustees during fiscal year 2020. Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially funded NYCRS are conducted every two years.

Mortality tables for service and disability pensioners were developed from an experience study of the Plan. The mortality tables for beneficiaries were developed from an experience review. For more details, see the reports entitled "Proposed Changes in Actuarial Assumptions and Methods Used In

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Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2018" available on the Office of the Actuary website (<https://www1.nyc.gov/site/actuary/reports/reports.page>).

(b) Expected Rate of Return on Investments

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class for both NYCERS and NYCTRS are summarized in the following tables:

NYCERS		
Asset class	Target asset allocation	Long-term expected real rate of return
Public Markets:		
U.S. public market equities	27.00 %	7.60 %
Developed public market equities	12.00	7.70
Emerging public market equities	5.00	10.60
Fixed income	30.50	3.10
Private Markets (Alternative Investments):		
Private equity	8.00	11.20
Private real estate	7.50	7.00
Infrastructure	4.00	6.80
Opportunistic fixed income	6.00	6.50
Total	100.00 %	

NYCTRS		
Asset class	Target asset allocation	Long-term expected real rate of return
Public Markets:		
U.S. public market equities	25.00 %	5.70 %
Developed public market equities	10.00	7.50
Emerging public market equities	9.50	10.20
Fixed income	32.50	1.60
Private Markets (Alternative Investments):		
Private equity	7.00	10.60
Private real estate	7.00	6.70
Infrastructure	4.00	5.10
Opportunistic fixed income	5.00	6.30
Total	100.00 %	

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(c) *Discount Rate*

The discount rate used to measure the total pension liability as of June 30, 2020 for both NYCERS and NYCTRS was 7.0%. The projection of cash flow used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current Tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS and NYCTRS respective fiduciary net position was projected to be available to make all projected future benefit payments of current active and nonactive NYCERS and NYCTRS members. Therefore, the long-term expected rate of return on NYCERS and NYCTRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liabilities calculated using the discount rate of 7.0%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate (in millions):

	<u>1% Decrease</u> <u>(6.0%)</u>	<u>Discount rate</u> <u>(7.0%)</u>	<u>1% Increase</u> <u>(8.0%)</u>
University's proportionate share of the net pension liability:			
NYCERS	\$ 390.9	\$ 261.5	\$ 152.2
NYCTRS	651.1	421.7	229.6

(d) *Deferred Outflows of Resources and Deferred Inflows of Resources*

The following presents a summary of the components of deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2020 (in thousands):

	<u>NYCERS</u>	<u>NYCTRS</u>	<u>Total</u>
Deferred outflows of resources:			
Differences between actual and expected experience	\$ 26,337	\$ 11,962	\$ 38,299
Difference between projected and actual investment earnings on pension plan investments	12,418	—	12,418
Changes in proportionate share	(141)	4,380	4,239
Changes in assumptions	110	—	110
Total	<u>\$ 38,724</u>	<u>\$ 16,342</u>	<u>\$ 55,066</u>

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	<u>NYCERS</u>	<u>NYCTRS</u>	<u>Total</u>
Deferred inflows of resources:			
Differences between actual and expected experience	\$ 11,794	\$ 61,217	\$ 73,011
Difference between projected and actual investment earnings on pension plan investments	—	87,131	87,131
Changes in proportionate share	(434)	(7,410)	(7,844)
Changes in assumptions	7,745	16,463	24,208
Total	<u>\$ 19,105</u>	<u>\$ 157,401</u>	<u>\$ 176,506</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

	<u>NYCERS</u>	<u>NYCTRS</u>	<u>Total</u>
Fiscal years ending June 30:			
2021	\$ (4,276)	\$ (85,534)	\$ (89,810)
2022	4,936	(41,009)	(36,073)
2023	9,309	(27,602)	(18,293)
2024	7,005	(4,063)	2,942
2025	2,462	(925)	1,537
2026	183	(4,625)	(4,442)
2027	—	2,699	2,699
	<u>\$ 19,619</u>	<u>\$ (141,059)</u>	<u>\$ (121,440)</u>

(e) Annual Pension Expense

The University's annual pension expense for NYCERS and NYCTRS for the fiscal year ended June 30, 2020 was \$37.7 million and \$59.8 million for NYCERS and NYCTRS, respectively.

Defined Contribution Plan – TIAA

The University also provides a defined contribution plan for its employees with TIAA. TIAA is a privately operated, multi-employer defined contribution retirement plan. TIAA obligations of employers and employees to contribute and of employees to receive benefits are governed by the New York State Education Law and City laws.

TIAA provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program.

Funding Policy

Employer and employee contribution requirements to TIAA are determined by the New York State Retirement and Social Security Law.

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Participating University employees in Tiers I-IV do not contribute while Tier V with less than 10 years of service contribute 3%.

Employer contributions range from 12.0 - 15.0% for Tiers I-IV, depending upon the employee's compensation, and 10.0 - 13.0% of salary for Tier V, depending upon the employee's years of service.

Employee contributions for fiscal year 2020 amounted to \$105.9 million.

The required University contributions recognized as expenses for fiscal 2020 was \$124.8 million.

The University's contributions made to the systems were equal to 100% of the contributions required for each year.

(10) Postemployment Benefits

(a) Plan Description

CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program (the Plan), which is a single-employer defined benefit healthcare plan that is not administered through a trust. The Plan covers former CUNY employees who were originally employed by CUNY Senior Colleges or by CUNY Community Colleges. The Plan covers individuals who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS):

- NYCERS
- NYCTRS
- New York City Board of Education Retirement System (BERS)

In addition, the program covers individuals under alternate retirement arrangements. The most significant alternate retirement arrangement is coverage under the TIAA – College Retirement Equities Fund rather than through the NYCRS.

Benefits. Basic Coverage is provided to retirees by CUNY through the New York City Health Benefits Program (NYCHBP). The NYCHBP currently provides Basic Coverage at no cost if a non-Medicare-eligible retiree participates in HIP HMO or an indemnity arrangement covered by a combination of Empire Blue Cross/Blue Shield for hospital coverage, and GHI for other medical benefits (referred to in this report as "GHI/EBCBS"). The NYC Basic Coverage provides Medicare-eligible retirees free coverage in the HIP HMO or in a GHI/EBCBS combination Medicare supplement called Senior Care. Basic Coverage includes hospital and physician coverage and excludes coverage for prescription drugs. GHI/EBCBS Senior Care coordinates with Medicare Part A and Part B. Under the HIP HMO Medicare-eligible retirees generally participate in a Medical Advantage Plan under Medicare Part C. Basic Coverage under other plans may require additional retiree contributions. Other plans available under the NYC Program to non-Medicare-eligible retirees for fiscal year 2020 include Aetna HMO, Cigna, Empire HMO, Empire EPO, GHI HMO, MetroPlus Gold and Vytra Health Plans. Other plans available to Medicare-eligible retirees for fiscal year 2020 include Medicare supplemental plans, such as Empire Medicare-Related Coverage, as well as various Medicare Advantage arrangements such as MediBlue and Aetna Medicare PPO with Extended Area. Benefits not covered by the Basic Plan, such as prescription drug coverage, are provided through high option riders fully paid for by the retirees or are provided through various Welfare Funds.

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The City of New York is assumed to pay for the coverage (Basic Coverage and Welfare Fund contributions) for retirees in NYCERS and TIAA who retired from community colleges. The City of New York also pays for the Welfare Fund costs for nonpedagogical CUNY Senior College retirees of the NYCERS. In addition, the City reimburses the Part B premium for Medicare-eligible retirees and covered spouses for all covered CUNY employees, whether retired under NYCERS or TIAA, and whether retired from a Senior or Community College. The obligations for the coverages assumed to be paid by the City are considered an obligation of the City and are not included in the obligation reported by CUNY.

CUNY currently reimburses the City for Basic Coverage and Welfare Fund coverage for NYCERS senior college retirees except for those who retired from one of the NYCERS in nonpedagogical positions. CUNY is also currently billed for Basic Coverage and Welfare Fund coverage for all TIAA retirees, whether retired from a senior or community college.

Employees covered by benefit terms. As of the June 30, 2019 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6,068
Inactive employees entitled to but not yet receiving benefit payments	3,399
Active employees	<u>14,991</u>
Total	<u>24,458</u>

(b) Actuarial Assumptions

The University's total OPEB liability of \$1.97 billion was measured as of June 30, 2020 using an actuarial valuation of June 30, 2019 rolled forward to June 30, 2020. The actuarial valuation uses the following actuarial assumptions:

Inflation: 2.50% per annum. In addition, the Further Consolidated Appropriations Act, which was signed in December 2019, repealed several ACA taxes including the Cadillac tax. The repeal of the Cadillac tax resulted in an \$18.7 million decrease in the University's liability as of the actuarial valuation date.

Actuarial cost method: Entry Age Normal, level percent of pay.

Discount Rate: The discount rate used to measure liabilities was updated to reflect the S&P Municipal Bond 20-Year High Grade Index yield of 2.66% as of June 30, 2020 as per the New York City Office of Actuary. The discount rate at the previous measurement date is 2.79% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 28, 2019.

Salary increases: The salary increase rate varies by experience and varies from 10.91% decreasing to 2.38% for those at age 75.

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Health care cost trend rates: Covered health care expenses were assumed to increase by the following percentages each year:

	<u>Pre- Medicare Plans</u>	<u>Medical (Post- Medicare)</u>	<u>Welfare Fund contributions</u>
Fiscal year ending:			
2020	7.00%	5.00%	3.50%
2021	6.75%	4.90%	3.50%
2022	6.50%	4.90%	3.50%
2023	6.25%	4.80%	3.50%
2024	6.00%	4.80%	3.50%
2025+	5.75%	4.70%	3.50%

Retirees' share of benefit-related costs: the valuation assumed the following monthly premiums for each year's valuation (actual amounts):

Plan	Monthly Rate	
	FY2020	
HIP HMO		
Non-Medicare Single	\$	753.40
Non-Medicare Family	\$	1,845.83
Medicare	\$	174.52
GH/EBCBS		
Non-Medicare Single	\$	710.74
Non-Medicare Family	\$	1,866.41
Medicare	\$	188.20
Other		
Non-Medicare Single	\$	1,102.40
Non-Medicare Family	\$	2,521.20
Medicare Single	\$	307.58
Medicare Family	\$	607.20

Mortality: CUNY valuation assumes different pre-retirement and post-retirement mortality. Pre-retirement and post-retirement mortality is based on the experience under the NYSTRS. In order to reflect future mortality improvement, the mortality is projected generationally using Scale MP-2018.

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(c) Total OPEB Liability

The total OPEB Liability for the University as of June 30, 2020 was determined as follows (in thousands):

Balance as of June 30, 2019	\$	1,978,048
Service Cost		108,334
Interest		57,707
Differences Between Expected and Actual Experience		(178,234)
Changes of Assumptions		41,419
Benefit Payment		<u>(36,283)</u>
Net Change in Total OPEB Liability		<u>(7,057)</u>
Balance as of June 30, 2020	\$	<u><u>1,970,991</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current discount rate as of June 30, 2020 (in thousands):

	<u>1% Decrease</u>		Actual		<u>1% Increase</u>
	<u>(1.66%)</u>		<u>Discount rate</u>		<u>(3.66%)</u>
			<u>(2.66%)</u>		
Total OPEB Liability	\$ 2,338,164	\$	1,970,991	\$	1,682,271

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the University's total OPEB liability, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease</u>		Healthcare Cost		<u>1% Increase</u>
	<u>(6.0% - 2.5%)</u>		<u>Trend Rates</u>		<u>(8.0% - 4.5%)</u>
			<u>(7.0% - 3.5%)</u>		
Total OPEB Liability	\$ 1,589,962	\$	1,970,991	\$	2,496,959

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(d) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, CUNY recognized OPEB expense of \$183.9 million. As of June 30, 2020, the reported deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 273,987	\$ (161,400)
Changes in Assumptions	64,050	(144,650)
Total	<u>\$ 338,037</u>	<u>\$ (306,050)</u>

In fiscal 2020, \$7,801,346 of amortization of deferred outflows of resources and deferred inflows of resources were recognized as a component of OPEB expense. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal years ending June 30:

2021	\$ 7,801
2022	7,801
2023	7,801
2024	7,801
2025	7,801
2026	7,801
2027	1,377
2028	(15,077)
2029	<u>(1,121)</u>
Total	<u>\$ 31,985</u>

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Blended Component Unit

RF CUNY provides postemployment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees' years of service. RF CUNY also provides certain healthcare benefits to retired employees (including eligible dependents) who have a combination of age and years of service equal to 70 with a minimum age of 62 and at least 10 years of continuous service. RF CUNY accounts for postretirement benefits provided to retirees on an accrual basis during the period of their employment.

The following table sets forth RF CUNY's information with respect to the postretirement plan at June 30, 2020 (in thousands):

Benefit obligation	\$	(192,141)
Fair value of plan assets		195,206
Funded status	\$	<u>3,065</u>

(11) Commitments

The University has entered into contracts for the construction and improvement of various capital assets. At June 30, 2020, these outstanding contractual commitments were \$383.0 million.

The University is also committed under various operating leases covering real property and equipment. The following is a summary of the future minimum rental commitments under noncancelable real property agreements (in thousands):

Contractual commitments	Principal amount
Fiscal year:	
2021	\$ 95,632
2022	95,960
2023	92,015
2024	86,464
2025	79,086
2026-2030	349,105
2031-2035	214,038
2036-2040	70,481
2041-2045	43,273
2046-2050	26,069
2051-2055	21,651
2056-2060	21,651
2061+	1,443
	<u>\$ 1,196,868</u>

For the year ended June 30, 2020, rent expense, including escalations of \$22.2 million, was \$106.1 million.

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(12) Litigation and Risk Financing

The University is involved with claims and other legal actions arising in the normal course of its activities, including several currently in litigation. Pursuant to the New York State Education Law, the State or City of New York (as applicable) shall save harmless and indemnify the University, members of its Board, and any duly appointed staff member against any claim, demand, suit, or judgment arising from such person performing his or her duties on behalf of the University. Further, any judgments rendered against such individuals will be paid from funds appropriated by the Legislature, which are separate and apart from the University's operating funds. While the final outcome of the matters referred to above cannot be determined at this time, management is of the opinion that the ultimate liability, if any, will not have a material effect on the financial position of the University.

Liabilities for claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

CUNY is exposed to various risks of loss related to damage and destruction of assets, injuries to employees, damage to the environment or noncompliance with environmental requirements, and natural and other unforeseen disasters. CUNY's residence hall facilities are covered by insurance. However, in general, CUNY does not insure its educational buildings, contents, or related risks and does not insure its equipment for claims and assessments arising from bodily injury, property damages, and other perils. Unfavorable judgments, claims, or losses incurred by CUNY are covered by the State or City on a self-insured basis. The State and City do have fidelity insurance on State/City employees.

(13) Financial Dependency

Appropriations from the State of New York and the City of New York are significant sources of revenue to the University. Accordingly, the University is economically dependent on these appropriations to carry on its operations.

(14) Support Agreements

CUNY has entered into support agreements for the repayment of debt obligations with four entities which include City College Dormitory, Graduate Center Foundation Housing Corporation, LLC, Q Student Residences, LLC, and College of Staten Island (CSI) Student Housing, LLC. CUNY has not recorded a liability for these guarantees since the criteria included in GASB 70 have not been met.

City College Dormitory

During 2005, the University entered into a support agreement with DASNY in connection with the issuance of CUNY Student Housing Project Insured Revenue Bonds, Series 2005 (Series 2005 Bonds). The Series 2005 Bonds have a par value of \$63,050,000 and were issued to fund a nonrecourse loan from DASNY to Educational Housing Services, Inc. to finance construction of a student residence building on the campus of City College. Under the terms of the support agreement, the University has agreed to unconditionally guarantee the loan and transfer to the trustee amounts required to replenish deficiencies related to debt service payments and debt service reserve funds. The obligations of CUNY shall terminate upon the payment or legal defeasance of all of the Series 2005 bonds.

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June 30, 2020

Graduate Center Foundation Housing Corporation, LLC

During 2010, the University entered into a support agreement with New York City Housing Development Corporation and Manufacturers and Traders Trust Company in connection with the issuance of \$14,370,000 Multi-Family Housing Revenue Bonds, 2010 Series C. The bonds were issued to finance a housing facility for students, faculty, staff, and employees at the Graduate Center. Under the terms of the support agreement, the University has agreed to unconditionally guarantee the loan payments due from the Graduate Center Foundation Housing Corporation to New York City Housing Development Corporation.

For further information on the support agreements with Q Student Residences, LLC and CSI Student Housing, LLC, see note 17(e).

(15) Subsequent Events

On October 15, 2020, DASNY issued refunding bonds with par value of \$80,000,000 on behalf of the University and bonds for new construction with par value of \$237,175,000.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was enacted by the U.S. Government and the University was allocated \$455.2 million.

(16) Condensed Combining Financial Statement Information

The condensed combining statements of net position, revenues, expenses and changes in net position, and cash flows for the University and blended component units as of and for the year ended June 30, 2020 are as follows:

Condensed statement of net position (in thousands):

	<u>University</u>	<u>RF-CUNY</u>	<u>CUCF</u>	<u>Eliminations</u>	<u>Total</u>
Current assets	\$ 1,844,598	\$ 323,110	\$ 42,087	\$ (22,071)	\$ 1,987,722
Other noncurrent assets	392,915	57,185	10,761	—	460,861
Capital assets	6,157,449	41,927	—	—	6,199,376
Total assets	8,194,960	422,222	52,848	(22,071)	8,647,959
Deferred outflows of resources	526,508	—	—	—	526,508
Current liabilities	1,341,440	301,819	38,413	(138,261)	1,543,411
Noncurrent liabilities	8,238,833	60,205	1,539	—	8,300,577
Total liabilities	9,580,273	362,024	39,952	(138,261)	9,843,988
Deferred inflows of resources	482,556	—	—	—	482,556
Net investment in capital assets	735,710	(19,713)	3,006	—	719,003
Restricted:					
Nonexpendable	67,190	—	—	—	67,190
Expendable	330,517	—	—	—	330,517
Unrestricted	(2,474,778)	79,911	9,890	116,190	(2,268,787)
Total net (deficit) position	\$ (1,341,361)	\$ 60,198	\$ 12,896	\$ 116,190	\$ (1,152,077)

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Condensed statement of revenues, expenses and changes in net position (in thousands):

Description	University	RF-CUNY	CUCF	Eliminations	Total
Operating revenues:					
Tuition and fees, net	\$ 796,005	\$ —	\$ —	\$ —	\$ 796,005
Grants and contracts	423,957	509,678	—	(20,151)	913,484
Other operating revenues	35,270	48,021	14,438	(54,957)	42,772
Total operating revenues	1,255,232	557,699	14,438	(75,108)	1,752,261
Operating expenses:					
Operating expenses	4,507,762	560,302	14,447	(91,555)	4,990,956
Depreciation and amortization	265,659	2,030	—	—	267,689
Total operating expenses	4,773,421	562,332	14,447	(91,555)	5,258,645
Operating (loss) gain	(3,518,189)	(4,633)	(9)	16,447	(3,506,384)
Nonoperating revenues (expenses):					
Government appropriations	2,223,911	—	—	—	2,223,911
Federal financial aid	785,809	—	—	—	785,809
Gifts and grants	5,694	—	15	(15)	5,694
Investment income, net	25,739	1,340	94	—	27,173
Interest expense	(208,468)	(3,051)	(6)	6	(211,519)
Net appreciation (depreciation) in fair value of investments	7,599	463	—	—	8,062
Other nonoperating revenues (expenses), net	7,884	11,921	(180,116)	176,723	16,412
Total nonoperating revenues (expenses), net	2,848,168	10,673	(180,013)	176,714	2,855,542
(Loss) gain before other revenues	(670,021)	6,040	(180,022)	193,161	(650,842)
Capital appropriations	421,972	—	180,128	(180,128)	421,972
Transfer to University (from Foundation)	2,845	—	—	—	2,845
Total other revenues	424,817	—	180,128	(180,128)	424,817
(Decrease) increase in net position	(245,204)	6,040	106	13,033	(226,025)
Net (deficit) position, beginning of year	(1,096,157)	54,158	12,790	103,157	(926,052)
Net (deficit) position, end of year	\$ (1,341,361)	\$ 60,198	\$ 12,896	\$ 116,190	\$ (1,152,077)

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Condensed statement of cash flows (in thousands):

Description	University	RF-CUNY	CUCF	Eliminations	Total
Net cash (used) provided by:					
Operating activities	\$ (3,081,425)	\$ 9,328	\$ (3,538)	\$ —	\$ (3,075,635)
Noncapital financing activities	2,983,246	—	—	—	2,983,246
Capital and related financing activities	157,520	(544)	12	—	156,988
Investing activities	19,996	4,869	2	—	24,867
Net increase (decrease) in cash and cash equivalents	79,337	13,653	(3,524)	—	89,466
Cash and cash equivalents at beginning of year	546,884	184,010	19,539	—	750,433
Cash and cash equivalents at end of year	\$ 626,221	\$ 197,663	\$ 16,015	\$ —	\$ 839,899

(17) Discretely Presented Component Units

The University's discretely presented component units consist of separately incorporated foundations, auxiliary service corporations, student association organizations, child care centers, and other related entities affiliated with CUNY colleges. These supporting organizations are legally separate entities that provide services which support both academic and general needs of the colleges and their students. Their activities are funded through donor contributions, student activity fees, fees for services provided, special fund raising events, and earnings on investments.

The accounting policies of the discretely presented units conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. All of the discretely presented component units follow GASB accounting pronouncements except the foundations, which follow applicable Financial Accounting Standards Board (FASB) standards. The financial statements of the discretely presented component units are presented using the GASB presentation in the accompanying financial statements. Separately issued financial statements of the component unit entities may be obtained by writing to: The City University of New York, Office of the University Controller, 230 West 41st Street, 5th Floor, New York, NY 10036.

(a) Summary of Significant Accounting Policies Unique to the Discretely Presented Component Units

(i) Contribution Revenue

Contributions received, including unconditional promises to give, are recognized at fair value in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. Contributions are considered available for unrestricted use unless specifically restricted by the donors.

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June 30, 2020

(ii) *Split Interest Agreements*

(1) *Charitable Gift Annuities*

Several of the foundations have received contributions from donors in exchange for a promise by the foundations to pay a fixed amount to the donor or other individuals over a specified period of time (normally the donor's or other beneficiary's life) and are recognized at fair value when received. The annuity payment liability is recognized at the present value of future cash payments expected to be paid. The net of these two amounts is recorded as contribution income.

(2) *Charitable Remainder Trusts*

Several of the foundations have received charitable remainder trusts of various types, which are received by the college during the lifetime of the grantor, and carry with them the obligation to pay the grantor an annuity during his or her lifetime. Upon the death of the grantor, the trust is terminated, and the remaining value becomes the property of the foundation.

(b) *Investments*

Investments of the discretely presented component units are carried at fair value and/or NAV and are presented at June 20, 2020 by investment type below (in thousands).

<u>Investment type</u>	<u>Amount</u>
Cash and cash equivalents	\$ 32,912
Certificates of deposits	2,619
CUNY investment pool	72,845
Equities	73,890
International bonds	25
Mutual funds:	
Equity securities	395,337
Fixed income	114,209
U.S. Corporate bonds	33,142
U.S. Government bonds	60,156
U.S. Treasury notes	989
Other investments	17,337
Investments measured at NAV:	
Event driven hedge funds	26,214
Global equity	11,287
Global equity long/short hedge funds	9,249
Limited partnership/liability company	19,080
Multiple common trust fund	24,866
Multi-strategy funds	20,295
Private investment	18,765
Special Opportunities	11,046
Total investments	<u>\$ 944,263</u>

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The separately issued financial statements of the discretely presented component units provide the fair value hierarchy disclosure information. The summarized categories include investments in Level 1 totaling \$641.3 million, Level 2 totaling \$74.4 million, and Level 3 totaling \$87.8 million. Total investments measured at NAV are \$140.8 million and are redeemable ranging from daily to 3 years with redemption notice periods of 10 to 95 days.

(c) *Contributions Receivable*

Unconditional promises to give are recorded as contributions receivable, and in most cases are discounted over the payment period using the applicable discount rate in effect at the time of the contribution. Contributions receivable due in fiscal year 2021 amount to \$35.9 million and are recorded in current receivables. Contributions receivable that are due in fiscal year 2022 and later amount to \$27.0 million and are recorded in long-term receivables. At June 30, 2020, contributions receivable consisted of (in thousands):

	<u>Amount</u>
Contributions receivable	\$ 72,490
Less allowance for doubtful accounts	(5,159)
Less discount to present value	(4,446)
Contributions receivable, net	<u>\$ 62,885</u>

(d) *Capital Assets*

Capital assets consist of the following at June 30, 2020 (in thousands):

	<u>June 30,</u> <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2020</u>
Building and building improvements	\$ 163,043	\$ 3,001	\$ 2,054	\$ 163,990
Equipment	19,413	3,327	2,444	20,296
Land	22,642	—	—	22,642
Land improvements	6,255	81	168	6,168
Works of art and historical treasures	4,011	250	15	4,246
Total capital assets	<u>215,364</u>	<u>6,659</u>	<u>4,681</u>	<u>217,342</u>
Less accumulated depreciation:				
Building and building improvements	37,088	3,836	(1,128)	42,032
Equipment	18,899	771	267	19,403
Land improvements	2,795	385	307	2,873
Total accumulated depreciation	<u>58,782</u>	<u>4,992</u>	<u>(554)</u>	<u>64,308</u>
Total capital assets, net	<u>\$ 156,602</u>	<u>\$ 1,667</u>	<u>\$ 5,235</u>	<u>\$ 153,034</u>

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(e) Long-term Debt

Three of the discretely presented component units have long-term debt which the University, through separate support agreements, guarantees (see note 14).

- 1) Q Student Residences, LLC – Original issue \$65.2 million Revenue Refunding Bonds through Build NYC Revenue Corporation with interest rates ranging from 0.55% to 5.0%.
- 2) College of Staten Island Housing, LLC – Original issue \$67.8 million issued through New York City Housing Development Corporation with an interest rate of 4.171%.
- 3) The Graduate Center Foundation:
 - a) The Graduate Center Foundation Housing Corporation, LLC has a \$14.4 million loan from New York City Housing Development Corporation for the construction of a building which is secured by the building. Interest is charged at 5.65% on the outstanding balance.
 - b) The Graduate Center Foundation Housing Corporation LIC obtained a two year loan from Amalgamated bank totaling \$8.4 million to purchase land in 2015. The loan was secured by the land. This loan was refinanced in 2018 with the proceeds of the loan described below.
 - c) The Graduate Center Foundation Housing Corporation LIC obtained a two year loan from Amalgamated Bank totaling \$7.6 million in 2018. The loan is secured by the land.

The following is a summary of future minimum payments under these agreements at June 30, 2020 (in thousands):

Loans and bonds	Principal	Interest	Total
Fiscal year:			
2021	\$ 10,052	\$ 6,259	\$ 16,311
2022	3,165	6,174	9,339
2023	3,213	6,078	9,291
2024	3,472	5,943	9,415
2025	3,702	5,786	9,488
2026-2030	21,112	26,297	47,409
2031-2035	26,464	20,894	47,358
2036-2040	33,397	13,888	47,285
2041-2045	32,041	5,106	37,147
2046-2047	7,910	353	8,263
Total minimum loan payment	<u>\$ 144,528</u>	<u>\$ 96,778</u>	241,306
Less amount representing interest			<u>(96,778)</u>
			144,528
Plus unamortized bond premium			<u>5,746</u>
Carrying amount of obligations			<u>\$ 150,274</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

THE CITY UNIVERSITY OF NEW YORK
Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
June 30, 2020
(in thousands)

New York City Employees' Retirement System						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 46,238	\$ 45,285	\$ 44,828	\$ 38,830	\$ 41,980	\$ 38,587
Contributions in relation to the contractually required contribution	46,238	45,285	44,828	38,830	41,980	38,587
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
University employee covered-payroll at University year-end	\$ 268,788	\$ 263,690	\$ 238,430	\$ 222,976	\$ 217,088	\$ 214,228
Contributions as a percentage of employee covered payroll	17.20%	17.17%	18.80%	17.42%	19.34%	18.01%

Teachers' Retirement System of The City of New York						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 95,858	\$ 95,023	\$ 102,115	\$ 84,575	\$ 102,884	\$ 84,488
Contributions in relation to the contractually required contribution	95,858	95,023	102,115	84,575	102,884	84,488
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
University employee covered-payroll at University year-end	\$ 282,912	\$ 249,969	\$ 211,348	\$ 179,810	\$ 189,767	\$ 174,983
Contributions as a percentage of employee covered payroll	33.88%	38.01%	48.32%	47.04%	54.22%	48.27%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
June 30, 2020
(in thousands)

New York City Employees' Retirement System						
	2020	2019	2018	2017	2016	2015
University proportion share of the net pension liability	1.240%	1.228%	1.327%	1.167%	1.247%	1.221%
University proportionate share of the net pension liability	\$ 261,472	\$ 227,141	\$ 234,039	\$ 242,344	\$ 302,981	\$ 247,140
University employee covered-payroll at measurement date	268,786	263,690	238,430	222,976	217,088	214,226
University proportionate share of the net pension liability as a percentage of the employee covered-payroll	97.3%	86.1%	98.2%	108.7%	139.6%	115.4%
Plan fiduciary net position as a percentage of the total pension liability	78.83%	78.83%	78.82%	74.80%	69.57%	73.13%

Teachers' Retirement System of The City of New York						
	2020	2019	2018	2017	2016	2015
University proportion of the net pension liability	2.669%	2.570%	2.625%	2.175%	2.779%	2.540%
University proportionate share of the net pension liability	\$ 421,698	\$ 394,741	\$ 491,163	\$ 506,200	\$ 732,857	\$ 527,957
University employee covered-payroll at measurement date	282,912	249,969	211,348	179,810	189,767	174,983
University proportionate share of the net pension liability as a percentage of the employee covered-payroll	149.1%	157.9%	232.4%	281.0%	386.2%	301.7%
Plan fiduciary net position as a percentage of the total pension liability	78.97%	74.46%	74.46%	68.32%	62.33%	68.04%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK
 Required Supplementary Information (Unaudited)
 Schedule of Changes in Total OPEB Liability and Related Ratios
 June 30, 2020
 (in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 108,334	\$ 125,925	\$ 106,623
Interest	57,707	52,912	49,978
Differences between expected and actual experience	(178,234)	353,839	(4,201)
Changes in assumptions or other inputs	41,419	(186,807)	40,682
Benefit payments	<u>(36,283)</u>	<u>(34,667)</u>	<u>(32,484)</u>
Net Change in Total OPEB liability	(7,057)	311,202	160,598
Total OPEB liability - Beginning	1,978,048	1,666,846	1,506,248
Total OPEB liability - Ending	<u>\$ 1,970,991</u>	<u>\$ 1,978,048</u>	<u>\$ 1,666,846</u>
Employee covered - payroll	<u>\$ 1,218,675</u>	<u>\$ 1,169,459</u>	<u>\$ 1,151,286</u>
Total OPEB liability as a percentage of covered-employee payroll	161.73%	169.14%	144.78%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

Notes to Schedule

1. *Changes of Assumptions* . Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate used to determine the June 30, 2020 total OPEB liability was 2.66%. The discount rate used to determine the June 30, 2019 total OPEB liability was 2.79%. The discount rate used to determine the June 30, 2018 total OPEB liability was 2.98%.

SUPPLEMENTARY INFORMATION

THE CITY UNIVERSITY OF NEW YORK
Schedule of Net Position Information – Senior and Community Colleges
June 30, 2020
(in thousands)

	Business-type activities		
	Senior colleges	Community colleges	Total University
Assets:			
Current assets:			
Cash and cash equivalents	\$ 802,768	\$ 37,131	\$ 839,899
Short-term investments	68,171	8,291	76,462
Restricted deposits held by bond trustees	147,918	15,993	163,911
Restricted amounts held by the Dormitory Authority of the State of New York	80,871	26,779	107,650
Receivables, net	631,311	150,110	781,421
Prepaid expenses and other current assets	13,465	4,914	18,379
Total current assets	1,744,504	243,218	1,987,722
Noncurrent assets:			
Restricted cash	7,805	4,820	12,625
Long-term investments, unrestricted	127,757	16,434	144,191
Long-term investments, restricted	185,465	19,492	204,957
Restricted deposits held by bond trustees	59,778	18,461	78,239
Long-term receivables, net	6,760	323	7,083
Capital assets, net	5,185,460	1,013,916	6,199,376
OPEB assets	2,634	432	3,066
Other noncurrent assets	10,700	—	10,700
Total noncurrent assets	5,586,359	1,073,878	6,660,237
Total assets	7,330,863	1,317,096	8,647,959
Deferred outflows of resources:			
OPEB related	338,037	—	338,037
Pension related	55,066	—	55,066
Interest rate swap agreements	51,885	6,501	58,386
Deferred amount on debt refundings	70,204	4,815	75,019
Total deferred outflows of resources	515,192	11,316	526,508
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	593,407	116,421	709,828
Compensated absences	106,548	35,685	142,233
Unearned tuition and fees revenue	73,576	7,860	81,436
Accrued interest payable	80,270	9,906	90,176
Current portion of long-term debt	278,496	17,590	296,086
Unearned grant revenue	112,473	18,147	130,620
Other current liabilities	48,277	10,727	59,004
Deposits held in custody for others	15,082	18,946	34,028
Total current liabilities	1,308,129	235,262	1,543,411
Noncurrent liabilities:			
Compensated absences	64,548	22,759	87,307
Total OPEB liability	1,970,991	—	1,970,991
Long-term debt	4,791,280	625,382	5,416,662
Federal refundable loans	4,159	585	4,744
Net pension liabilities	683,170	—	683,170
Interest rate swap agreements	51,885	6,501	58,386
Other noncurrent liabilities	56,271	23,046	79,317
Total noncurrent liabilities	7,622,304	678,273	8,300,577
Total liabilities	8,930,433	913,555	9,843,988
Deferred inflows of resources:			
OPEB related	306,050	—	306,050
Pension related	176,506	—	176,506
Total deferred inflows of resources	482,556	—	482,556
Net (deficit) position:			
Net investment in capital assets	321,100	397,903	719,003
Restricted:			
Nonexpendable	52,106	15,084	67,190
Expendable:			
Debt service	71,088	6,131	77,219
Scholarships and general educational support	135,824	5,373	141,197
Loans	7,160	85	7,245
Other	84,013	20,843	104,856
Unrestricted	(2,238,225)	(30,562)	(2,268,787)
Total net (deficit) position	\$ (1,566,934)	\$ 414,857	\$ (1,152,077)

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK
Schedule of Revenues, Expenses, and Changes in Net Position Information –
Senior and Community Colleges
For the year ended June 30, 2020
(in thousands)

	<u>Business-type activities</u>		<u>Total University</u>
	<u>Senior colleges</u>	<u>Community colleges</u>	
Revenues:			
Operating revenues:			
Tuition and fees (net of scholarship allowance of \$999,887)	\$ 673,067	\$ 122,938	\$ 796,005
Grants and contracts:			
Federal	118,886	21,619	140,505
New York State	285,086	115,687	400,773
New York City	202,584	10,079	212,663
Private	139,530	20,013	159,543
Total grants and contracts	746,086	167,398	913,484
Sales and services of auxiliary enterprises	5,300	21	5,321
Other operating revenues	30,606	6,845	37,451
Total operating revenues	<u>1,455,059</u>	<u>297,202</u>	<u>1,752,261</u>
Expenses:			
Operating expenses:			
Instruction	1,583,825	649,623	2,233,448
Research	163,060	5,114	168,174
Public service	62,053	20,925	82,978
Academic support	118,806	48,808	167,614
Student services	275,483	133,001	408,484
Institutional support	466,986	198,698	665,684
Operation and maintenance of plant	425,866	160,223	586,089
Scholarships and fellowships	321,915	171,574	493,489
Auxiliary enterprises	1,087	—	1,087
Depreciation and amortization expense	234,725	32,964	267,689
OPEB expense	182,492	1,417	183,909
Total operating expenses	<u>3,836,298</u>	<u>1,422,347</u>	<u>5,258,645</u>
Operating loss	<u>(2,381,239)</u>	<u>(1,125,145)</u>	<u>(3,506,384)</u>
Nonoperating revenues (expenses):			
Government appropriations/transfers:			
New York State	1,391,254	247,361	1,638,615
New York City	75,463	509,833	585,296
Federal financial aid	501,927	283,882	785,809
Gifts and grants	4,613	1,081	5,694
Investment income, net	25,267	1,906	27,173
Interest expense	(186,449)	(25,070)	(211,519)
Net appreciation in fair value of investments	7,516	546	8,062
Other nonoperating (expenses) revenues, net	36,694	(20,282)	16,412
Net nonoperating revenues, net	<u>1,856,285</u>	<u>999,257</u>	<u>2,855,542</u>
Loss before other revenues	<u>(524,954)</u>	<u>(125,888)</u>	<u>(650,842)</u>
Capital appropriations			
Additions to permanent endowments	—	—	—
Transfer to University (from Foundation)	2,897	(52)	2,845
Total other revenues	<u>343,624</u>	<u>81,193</u>	<u>424,817</u>
Decrease in net position	(181,330)	(44,695)	(226,025)
Net (deficit) position, beginning of year	(1,385,604)	459,552	(926,052)
Net (deficit) position, end of year	<u>\$ (1,566,934)</u>	<u>414,857</u>	<u>(1,152,077)</u>

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK
Schedule of Cash Flow Information – Senior and Community Colleges
For the year ended June 30, 2020
(in thousands)

	Business-type activities		
	Senior colleges	Community colleges	Total University
Cash flows from operating activities:			
Collection of tuition and fees	\$ 645,703	\$ 108,622	\$ 752,325
Collection of grants and contracts	745,430	161,889	907,319
Sales and services of auxiliary enterprises	5,300	21	5,321
Collection of other operating revenues	26,740	8,463	35,203
Payments to suppliers	(29,339)	(116,047)	(145,386)
Payments for utilities	(71,729)	(23,079)	(94,808)
Payments to employees	(2,000,485)	(762,621)	(2,763,106)
Payments for benefits	(643,744)	(221,997)	(865,741)
Payment for pensions	(282,680)	(82,390)	(365,070)
Payments for scholarships and fellowships	(321,915)	(171,574)	(493,489)
Payments for OPEB	(46,668)	(1,535)	(48,203)
Net cash flows used by operating activities	<u>(1,973,387)</u>	<u>(1,102,248)</u>	<u>(3,075,635)</u>
Cash flows from noncapital financing activities:			
New York State and New York City appropriations/transfers	1,413,917	761,665	2,175,582
Federal financial aid	497,381	283,614	780,995
Gifts and grants for other than capital purposes	4,613	1,081	5,694
Increase in deposits held in custody for others	(765)	1,101	336
Collections on federal loan funds and related	762	1,045	1,807
Collection from third parties	39,435	(20,603)	18,832
Net cash flows provided by noncapital financing activities	<u>1,955,343</u>	<u>1,027,903</u>	<u>2,983,246</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	399,907	32,730	432,637
Capital appropriations	340,727	81,245	421,972
Purchases of capital assets	(198,501)	(91,466)	(289,967)
Principal paid on capital debt	(187,030)	(16,803)	(203,833)
Principal amount refunded	(305,686)	(31,196)	(336,882)
Interest paid on capital debt	(274,238)	(30,116)	(304,354)
Amounts paid for bond issuance costs	(5,176)	(428)	(5,604)
Decrease in restricted deposits held by bond trustees	338,575	85,329	423,904
Decrease in restricted amounts held by the Dormitory Authority of the State of New York	2,865	13,405	16,270
Transfer to/ from foundations	2,897	(52)	2,845
Net cash flows provided by capital and related financing activities	<u>114,340</u>	<u>42,648</u>	<u>156,988</u>
Cash flows from investing activities:			
Investment income	25,267	1,906	27,173
Proceeds from sales and maturities of investments	424,066	43,830	467,896
Purchases of investments	(429,894)	(44,881)	(474,775)
Change in restricted cash	4,145	428	4,573
Net cash flows provided (used) by investing activities	<u>23,584</u>	<u>1,283</u>	<u>24,867</u>
Increase in cash and cash equivalents	119,880	(30,414)	89,466
Cash and cash equivalents at beginning of year	<u>682,888</u>	<u>67,545</u>	<u>750,433</u>
Cash and cash equivalents at end of year	<u>\$ 802,768</u>	<u>\$ 37,131</u>	<u>\$ 839,899</u>

(Continued)

THE CITY UNIVERSITY OF NEW YORK
Schedule of Cash Flow Information – Senior and Community Colleges
For the year ended June 30, 2020
(in thousands)

	<u>Business-type activities</u>		
	<u>Senior colleges</u>	<u>Community colleges</u>	<u>Total University</u>
Reconciliation of operating loss to net cash flows used by operating activities:			
Operating loss	\$ (2,381,239)	\$ (1,125,145)	\$ (3,506,384)
Adjustments to reconcile operating loss to net cash flows used by operating activities:			
Depreciation and amortization expense	234,725	32,964	267,689
Bad debt expense	26,763	17,644	44,407
Change in operating assets and liabilities:			
Receivables	(70,638)	(38,786)	(109,424)
Prepaid expenses and other assets	495	(578)	(83)
Accounts payable and accrued expenses	67,745	6,551	74,296
Unearned tuition and fees revenue	6,057	(1,276)	4,781
Compensated absences	20,433	6,286	26,719
Total OPEB liability	137,560	—	137,560
Net pension liabilities	(46,234)	—	(46,234)
Unearned grant revenue	5,932	2,211	8,143
Other liabilities	25,014	(2,119)	22,895
Net cash flows used by operating activities	<u>\$ (1,973,387)</u>	<u>(1,102,248)</u>	<u>(3,075,635)</u>
Noncash transactions:			
Net appreciation in fair value of investments	\$ 7,516	546	8,062
Change in accounts payable attributable to capital assets	9,031	—	9,031

See accompanying independent auditors' report.

Summary of Certain Provisions of the Loan Agreement

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary, prepared by Co-Bond Counsel, of certain provisions of the Loan Agreement pertaining to the Series 2021 Bonds and the Project. This summary does not purport to be complete, and reference is made to such Loan Agreement for full and complete statements of each of its provisions. Capitalized terms used herein shall have the meanings ascribed to them in Appendix A.

Duration of Agreement

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 Institution shall have been made or provision made for the payment thereof; provided, however, that, for all Bonds other than those denoted as federally taxable, the liabilities and the obligations of the Institution regarding any rebate required by the Code to be made to the Department of the Treasury of the United States of America and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to Sections 23, 25 and 28 of the Loan Agreement shall nevertheless survive any such termination subject in all cases to Section 10 of the Loan Agreement. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of the Institution's duties under the Loan Agreement, and the release or surrender of any security interests granted by the Institution to the Authority pursuant thereto.

(Section 42)

Amendment of Project; Sale or Conveyance of Project; Cost Increases; Additional Bonds

The Project may be amended by agreements supplementing the Loan Agreement by and between the Authority and the Institution, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

Other than in connection with an assignment of its obligations under Section 12 of the Loan Agreement, the Institution covenants that it shall not transfer, sell, encumber or convey any interest in the Project or any part thereof or interest therein, including development rights, without the prior written consent of the Authority, CUNY and the Insurer, which consent shall be accompanied by (i) an agreement by the Institution to comply with all terms and conditions of such consent and (ii) an opinion of Bond Counsel stating that the change will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes; provided, however, that the Institution may enter into leases or license agreements with residents as provided in the Project Management Agreement. As a condition to such approval, the Authority, CUNY or the Insurer may require that the Institution cause to be paid to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution, in accordance with the provisions of the Project Management Agreement, may remove fixtures in the Project or which comprise a part of the Project provided that the Institution substitutes fixtures having a value and utility at least equal to the fixtures removed or replaced.

The Authority, upon request of the Institution, may, but shall not be required to, issue Bonds to provide moneys required for the cost of completing the Project in excess of the moneys in the applicable account in the Construction Fund. Nothing contained in the Loan Agreement or in the Resolution shall be construed as creating any obligation upon the Authority to issue Bonds for such purpose, it being the intent hereof to reserve to the Authority full and complete discretion to decline to issue such Bonds. The proceeds of any additional Bonds shall be deposited and applied as specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

(Section 6)

Financial Obligations of the Institution; Non-Recourse Obligation; Voluntary Payments; Rate Covenant

(1) The Institution shall deposit, or cause to be deposited, with the Trustee all Assigned Revenues, provided that no such deposit shall be made under the Loan Agreement unless all payments required to be made under the Senior Loan Agreement prior to the date of the payment under the Loan Agreement have been made. Pursuant to the Loan Agreement, the Institution unconditionally agrees to pay or cause to be paid, so long as Bonds are Outstanding, to or upon the order of the Authority, subject to Section 10 of the Loan Agreement:

(a) On or before the date of delivery of the Bonds, the Authority Fee;

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

(c) (i) While Senior Bonds are Outstanding, on or before each July 20, an amount equal to the interest payable on the Bonds on all interest payment dates during the succeeding 12 months or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by the Authority to be payable on such interest payment dates and (ii) commencing when there are no Senior Bonds Outstanding, on the 20th day of each month immediately preceding an interest payment date, the interest coming due on all Bonds issued by the Authority for the benefit of the Institution payable on such interest payment date; provided that with respect to Variable Interest Rate Bonds, such amount shall equal the amount estimated by the Authority to be payable on such Variable Interest Rate Bonds on such interest payment date;

(d) (i) While Senior Bonds are Outstanding, on or before each July 20 of each Bond Year, an amount equal to the principal amount payable on the Bonds on the next ensuing August 1 and (ii) commencing when there are no Senior Bonds Outstanding, on January 20 of each Bond Year, one-half (½) of the principal and Sinking Fund Installments on the Bonds coming due on the succeeding July 1, and on July 20 the balance of the principal and Sinking Fund Installments on the Bonds coming due on such August 1;

(e) At least forty-five (45) days prior to any date on which the Redemption Price or purchase price in lieu of redemption of Bonds previously called for redemption or contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price in lieu of redemption of the Bonds;

(f) (i) While Senior Bonds are Outstanding, on or before each July 20 of each Bond Year, an amount equal to the Annual Administrative Fee payable during such Bond Year in connection with the Bonds and (ii) commencing when there are no Senior Bonds Outstanding, on January 20 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year, and on July 20 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; provided, however, that the Annual Administrative Fee shall commence to be payable on [July 20, 2021];

(g) (i) While Senior Bonds are Outstanding, on or before each July 20 and (ii) commencing when there are no Senior Bonds Outstanding, on each January 20 and July 20, the amount necessary to make up any deficiency in the Debt Service Reserve Fund;

(h) Promptly after notice from the Authority, but in any event not later than 15 days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made pursuant to Section 9(4) of the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to Section 23, 25 or 28 of the Loan Agreement, (iii) for the costs and expenses incurred to compel full and punctual performance of all the provisions of the Loan Agreement, the Ground Lease, the Mortgage and the Resolution securing the Bonds in accordance with the terms thereof, (iv) for the fees and expenses of the Trustee and any Paying Agent and reasonable attorneys' fees in connection with performance of their duties under the Resolution, and (v) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project;

(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 Institution as a result of an acceleration pursuant to Section 29 of 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 or otherwise available therefor under the Resolution and the amount required to be rebated or otherwise paid to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds; and

(k) On the Business Day immediately preceding an interest payment date, if the amount on deposit in the Debt Service Fund is less than the amounts required for the payment of principal or Sinking Fund Installments of, or interest on, Bonds due and payable on such interest payment date, the amount of such deficiency.

Subject to the provisions of the Resolution and the Loan Agreement, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (d) 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 on the next succeeding July 1, the Institution delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed on such July 1. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

Payments under the Support Agreement shall satisfy the Institution's obligations under Section 9 of the Loan Agreement.

The Institution acknowledges and agrees that the Assigned Revenues not applied on account of the payment obligations of the Institution under the Loan Agreement shall be applied, as provided in the Resolution, to pay Operating Expenses, make payments due under Interest Rate Exchange Agreements, make deposits to the Operating Reserve Fund and the Repair and Replacement Reserve Fund and pay certain fees (including the Annual Institution Fee (Subordinate) and the Annual Managing Agent's Fee (Subordinate)) and that remaining Assigned Revenues shall be applied in accordance with the penultimate paragraph of Section 5.05 of the Resolution.

(2) Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this paragraph), (i) all Assigned Revenues (other than moneys received by the Trustee pursuant to Section 8.06 of the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for the Authority and (ii) the transfer by the Trustee of any moneys (other than moneys described in clause (i) of this paragraph) held by it in the Construction Fund to the Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the Institution of a payment in satisfaction of the Institution's obligations under the Loan Agreement to the extent of the amount of moneys transferred. Immediately after receipt or transfer of such moneys, as the case may be, by the Trustee, the Trustee shall hold such moneys in trust for application in accordance with the applicable provisions of the Resolution.

(3) Subject to Section 10 of the Loan Agreement, the obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds of any Series are or the Resolution or the Series Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing herein shall be construed to release the Authority from the performance of any agreements on its part herein contained or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund established for such Project.

(4) The Authority shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to Section 9 of the Loan Agreement which has not been made by the Institution when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under Section 29 of the Loan

Agreement arising out of the Institution's failure to make such payment and no payment by the Authority shall be construed to be a waiver of any such right or of the obligation of the Institution to make such payment.

(5) The Institution shall deliver to the Trustee and the Authority not later than 30 days before the start of each Bond Year a copy of the Operating Budget for the succeeding Bond Year prepared in accordance with the Project Management Agreement. The Institution shall notify the Trustee and the Authority of any change in the Operating Budget promptly after the determination thereof and shall promptly deliver to the Trustee a copy of the Operating Budget as so amended.

(6) The Institution shall, subject to applicable requirements or restrictions imposed by law, charge and maintain rental rates or license fees for the units comprising the Project and other revenue producing facilities of the Project at a level which is projected in the Operating Budget (or in any amended Operating Budget), together with any other amounts available, to be sufficient to pay, during the then-current Bond Year, all Operating Expenses, principal and interest due on Senior Bonds and principal and interest due on the Bonds. The failure to provide sufficient amounts to actually equal the required levels shall not constitute a default or an Event of Default under the Loan Agreement so long as the fees, student housing room rates and other revenue producing facilities of the Project were set at a level projected to provide sufficient amounts to meet such requirement.

(Section 9)

Non-Recourse

The Loan Agreement and the obligations of the Institution under the Loan Agreement are non-recourse obligations of the Institution payable solely from the Assigned Revenues and the interest of the Institution in the Project and Mortgaged Property except that the Institution shall be generally liable for damages arising from any breach of any representation, warranty or covenant under Sections 2, 8, 11(2), 15(2), 16(1), 17 and 18 of the Loan Agreement or arising as a result of fraud by the Institution and for amounts payable under Section 28 of the Loan Agreement as a result of a breach of any such representation, warranty or covenant or such fraud.

(Section 10)

Security Interest in the Assigned Revenues

As further security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does continuously pledge, grant a security interest in and assign the Assigned Revenues and its rights to receive and collect the Assigned Revenues, together with the Institution's right to receive and collect the proceeds of the Assigned Revenues (which assignment is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution). The Institution shall deposit or cause to be deposited all Assigned Revenues remaining after application thereof pursuant to the Senior Resolution with the Trustee and agrees that the Assigned Revenues shall be applied in accordance with the Resolution, including the penultimate paragraph of Section 5.05 of the Resolution.

The Institution represents and warrants that no part of the Assigned Revenues or any right to receive or collect the same or the proceeds of the Assigned Revenues is subject to any lien, pledge, security interest or assignment (other than as described in the paragraph above), and that the Assigned Revenues assigned are legally available to be assigned and to provide security for the Institution's performance under the Loan Agreement. The Institution agrees that it shall not hereafter voluntarily create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Assigned Revenues.

(Section 11)

Assignment

The Institution may assign its rights and obligations under the Loan Agreement to any other entity so long as: (i) such assignee assumes all of the Institution's obligations under the Loan Agreement and under the Ground Lease, the Mortgage, the Project Management Agreement and all agreements entered into in connection therewith, (ii) such assignee provides certificates and opinions to the effect that obligations under the Loan Agreement are valid, binding and enforceable against such assignee, (iii) the Authority, CUNY and the Insurer each consent (which consent shall not be

unreasonably withheld or delayed) to such assignment and assignee, (iv) CUNY confirms that the Support Agreement shall remain in full force and effect after such assignment and provides such assurance (including legal opinions) with respect to enforceability of the Support Agreement as may be reasonably requested by the Authority or the Insurer, and (v) Bond Counsel delivers an opinion stating that such assignment will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

Upon the occurrence of an Event of Default under paragraphs (e), (f), (g), (h), (i), (j) or (k) of Section 29 of the Loan Agreement, at the direction of the Authority to be given only at the request of CUNY, so long as CUNY is not in default under the Support Agreement, the Institution shall assign to CUNY or to any entity designated by CUNY and approved by the Authority and the Insurer, all of its rights and obligations under the Loan Agreement and under the Ground Lease, the Mortgage, the Project Management Agreement and all agreements entered into in connection therewith.

At the direction of the Authority to be given only at the request of CUNY in accordance with Section 2.5 of the Support Agreement so long as CUNY is not in default under the Support Agreement, the Institution shall assign to CUNY or another designee of the Authority or CUNY all of the rights and obligations of the Institution under the Loan Agreement, the Ground Lease, the Mortgage and the Project Management Agreement.

The Institution shall be released from all obligations under the Loan Agreement following such assignment of the Loan Agreement except those relating to liabilities arising prior to the date of such assignment for which the Institution is generally liable under Section 10 of the Loan Agreement.

(Section 12)

Consent to Pledge and Assignment by the Authority

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to (i) receive the payments required to be made pursuant to Section 9(1) of the Loan Agreement, and (ii) any or all security interests granted by the Institution under the Loan Agreement, including without limitation, the security interest in Assigned Revenues, the Mortgage, any security interest in the fixtures, located or used in connection with the Mortgaged Property and all funds and accounts established by the Resolution (other than the Arbitrage Rebate Fund) and pledged under the Resolution in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated by 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 Institution 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 Section 15 of the Loan Agreement, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor thereby or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement. Any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution under the Loan Agreement. Any realization upon the Mortgaged Property, and any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution under the Loan Agreement.

The Institution covenants, warrants and represents that it is duly authorized by all applicable laws and its limited liability company agreement to execute, deliver and perform its obligations under the Loan Agreement, the Ground Lease and the Project Management Agreement, to incur the indebtedness contemplated thereby, to make and deliver the Mortgage, and to pledge, grant a security interest in and assign to the Authority and the Trustee, for the benefit of the Bondholders, the Assigned Revenues in the manner and to the extent provided in the Loan Agreement and in the Resolution. The Institution further represents that the provisions of the Loan Agreement are and shall be valid and legally enforceable obligations of the Institution in accordance with their terms. The Institution further covenants, warrants and represents that the execution and delivery of the Loan Agreement and of the Mortgage and the consummation of the transactions contemplated thereby and compliance with the provisions thereof, do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the limited liability company agreement of the Institution or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the Institution is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order,

writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the assignment of the Assigned Revenues and the further security interest granted therein and all of the rights of the Authority and Trustee for the benefit of the Bondholders under the Loan Agreement, under the Series Resolution and under the Resolution against all claims and demands of all persons whomsoever.

(Section 15)

Maintenance of Corporate Existence

The Institution covenants that it will maintain its corporate existence, will continue to operate as a non-profit institution for educational or charitable purposes as set forth in its limited liability company agreement, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary, for the continued operation of the Institution as an institution for educational or charitable purposes as set forth in its limited liability company agreement providing such services as it may from time to time determine, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that if no Event of Default shall have occurred and be continuing and prior written notice shall have been given to the Authority, the Insurer, CUNY and the Trustee, the Institution may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (ii) permit one or more corporations or any other organization to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or any other organization; provided, however, (a) that any such sale, transfer, consolidation, merger or acquisition does not in the opinion of counsel satisfactory to the Authority adversely affect the exclusion from federal gross income of the interest paid or payable on the Bonds, other than Bonds denoted as being federally taxable, (b) that the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State, and qualified under Section 501(c)(3) of the Code or any successor provision of federal income tax law, (c) that the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Institution under the Loan Agreement and under the Mortgage and furnishes to the Authority a certificate and an opinion of counsel to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation shall be in compliance with each of the provisions of the Loan Agreement and shall meet the requirements of the Act and (d) that it shall provide such other certificates and opinions as may reasonably be required by the Authority.

(Section 18)

Tax-Exempt Status

The Institution represents that (i) it is qualified to do business in the State of New York, (ii) it is in good standing in the State in which it is organized and in the State of New York and (iii) it is solvent. The Institution further represents that (i) for federal income tax purposes, it is a “disregarded entity” that is disregarded as an entity separate from its sole member, EHS, an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and EHS is not a “private foundation,” as such term is defined under Section 509(a) of the Code, (ii) a letter or other notification from the Internal Revenue Service to that effect with respect to EHS has been issued, (iii) such letter or other notification has not been modified, limited or revoked, (iv) the Institution and EHS are 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, (vi) the Institution and EHS are exempt from federal income taxes under Section 501(a) of the Code and (vii) the licensing or renting of dwelling units in the manner set forth in the Project Management Agreement will not constitute an “unrelated trade or business,” as such term is defined in Section 513(a) of the Code, of the Institution or EHS. The Institution agrees that it shall not perform any act or enter into any agreement (a) which shall adversely affect such federal income tax status for the Institution as a disregarded entity and for EHS as an organization exempt under Section 501(c)(3) of the Code and the Institution shall conduct its operations in the manner which will conform to the standards necessary to qualify EHS as an organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law and itself as a disregarded entity of EHS or (b) which could adversely affect the exclusion of interest on the Bonds, other than Bonds denoted as being federally taxable, from federal gross income pursuant to Section 103 of the Code.

The Institution agrees that it shall not use or permit the Project to be used in any manner, or for any trade or business or other non-exempt use unrelated to the purposes of the Institution, which could adversely affect the exclusion of interest on the Bonds, other than Bonds denoted as being federally taxable, from federal gross income pursuant to Section 103 of the Code.

(Section 16)

Arbitrage; Rebate Calculation

For all Bonds other than those denoted as federally taxable, the Institution covenants that it shall take no action, nor shall it consent to the taking of any action, nor shall it fail to take any action or consent to the failure to take any action, the making of any investment or the use of the proceeds of the Bonds, which would cause the Bonds of any Series to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. The Institution (or any related party, as defined in Section 1.150-1(b) of the Treasury Regulations promulgated under the Code) shall not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the Institution by the Authority. The Institution will, on a timely basis, provide the Authority with all necessary information and funds not in the Authority’s possession, to enable the Authority to comply with the arbitrage and rebate requirements of the Code as identified in Section 7.13 of the Resolution.

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

The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of Excess Earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution the Authority shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Sections 34 and 35)

Use of the Project

With respect to any Bonds that are classified as “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code, the Institution agrees that, unless in the opinion of Bond Counsel the Project may be used or occupied other than as required by Section 20 of the Loan Agreement, the Project shall be used by the Institution or leased by the Institution to another organization described in Section 501(c)(3) of the Code or a governmental entity (such as CUNY) only for activities of the Institution or such other organization or governmental entity that will not adversely affect the classification of the Bonds as “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code, subject to and consistent with the requirements of Section 21 of the Loan Agreement.

Subject to the Project Management Agreement and the rights, duties and remedies of the Authority under the Loan Agreement, the Institution shall have sole and exclusive control of, possession of and responsibility for (i) the Project and all Mortgaged Property, (ii) the operation of the Project and all Mortgaged Property, and supervision of the activities conducted therein or in connection with any part thereof, and (iii) the maintenance, repair and replacement of the Project and all Mortgaged Property.

(Section 20)

Covenant as to Insurance

(1) The Institution shall procure and maintain, or cause to be procured and maintained, subject to Section 10 of the Loan Agreement, to the extent reasonably obtainable, from responsible insurers reasonably acceptable to the Authority and CUNY, insurance of the type and in the amounts customarily maintained by institutions providing services similar to those provided by the Institution. To the extent the requirements of Section 23 of the Loan Agreement are

contrary to (and not in addition to) the requirements of the Project Management Agreement, the Project Management Agreement shall govern.

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

(a) at all times, insurance against direct physical loss or damage to the Project or the Mortgaged Property by fire and lightning, extended coverage perils and vandalism and malicious mischief on the plant, structure, machinery, equipment and apparatus comprising the insured property, in an amount not less than 100% of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms; provided, however, that the inclusion of the Project or the Mortgaged Property under a blanket insurance policy or policies of the Institution insuring against the aforesaid hazards in an amount aggregating at least 100% of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions of this paragraph with respect to the Project or the Mortgaged Property; provided further, that in any event, each such policy shall be in an amount sufficient to prevent the Institution and the Authority from becoming co-insurers under the applicable terms of such policy;

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

(c) at all times, statutory disability benefits;

(d) at all times, insurance protecting the Authority, CUNY and the Institution against loss or losses from liabilities arising from bodily injury of persons or damage which limits may be satisfied by any combination of primary and excess coverage or policies to the property of others caused by accident or occurrence, with limits of not less than \$3,000,000 per accident or occurrence on account of injury to persons, and \$2,000,000 per accident or occurrence on account of injury to the property of others, or \$2,000,000 combined single limit with \$7,000,000 policy aggregate, excluding liability imposed upon the Authority or the Institution by any applicable workers' compensation law, which limits may be satisfied by any combination of primary and excess coverage on policies;

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

(f) commencing with the date on which the Project or any improvement on the Mortgaged Property, or any part thereof, is completed or first occupied, use and occupancy insurance in an amount agreed to by the parties to the Loan Agreement during such time or times as the use of the Project or any part thereof may be totally or partially interrupted as a result of damage or destruction resulting from perils insured against pursuant to subparagraph (a) above. Each policy therefor, or contract thereof, shall contain a loss payable clause providing for the proceeds thereof to be payable to the Trustee; and

(g) each other form of insurance which is required by law to provide and such other kinds of insurance in such amounts as from time to time may be reasonably required by the Authority or pursuant to the Project Management Agreement.

(3) Any insurance procured and maintained by the Authority or the Institution pursuant to Section 23 of the Loan Agreement, including any blanket insurance policy, may include deductible provisions reasonably satisfactory to the Authority, CUNY and the Institution. In determining whether or not any insurance required by Section 23 of the Loan Agreement is reasonably obtainable or if the deductible on any such insurance is a reasonable deductible, the Authority may rely solely and exclusively upon the advice and judgment of any insurance consultant chosen by the Institution and

approved by the Authority, and any such decision by the Authority, based upon such advice and judgment, shall be conclusive. The Commercial General Liability and Umbrella Excess Liability Policies must be endorsed as primary as respects the coverage afforded the additional named insureds and such policies shall be primary to any other insurance maintained by the additional named insureds. Any other insurance maintained by the additional named insureds shall be excess of and shall not contribute with the Institution's insurance, regardless of the "other insurance" clause contained in the additional named insureds' own policies of insurance.

(4) Self-insurance shall not be permitted.

(5) Each policy maintained pursuant to paragraph (2) above shall provide that the insurer writing such policy shall give at least 60 days' notice in writing to the Authority and CUNY of the cancellation or non-renewal or material change in the policy unless a lesser period of notice is expressly approved in writing by the Authority and CUNY. The Institution, not later than July 1 of each year, shall provide to the Authority, CUNY and the Insurer a list describing all policies of insurance maintained as of July 1 by the Institution pursuant to Section 23 of the Loan Agreement stating with respect to each such policy (i) the insurer, (ii) the insured parties or loss payees, (iii) the level of coverage, and (iv) such other information as the Authority or CUNY may have reasonably requested.

(6) All policies and certificates of insurance shall be open to inspection by the Authority, CUNY and the Trustee or their representatives at all reasonable times. If any change shall be made in any such insurance, a description and notice of such change shall be furnished to the Authority, CUNY and the Trustee at the time of such change. The Institution covenants and agrees not to make any change or permit any change to be made in any policy of insurance which would reduce the coverages or increase the deductible thereunder without first securing the prior written approval of the Authority and CUNY.

(7) All policies of insurance required pursuant to paragraph (2) above, other than policies of workers' compensation insurance, shall include the Authority, CUNY and the Institution, and, upon assignment of a Mortgage pursuant to the Resolution, the assignees of the Authority as additional named insureds or as mortgagee or as loss payee as their interests may appear.

(8) The Authority may elect at any time, upon notice to the Institution, to procure and maintain any of the insurance required by subparagraphs (a), (e), (f) of paragraph (2) above at the expense of the Institution. The policies procured and maintained by the Authority shall be open to inspection by the Institution at all reasonable times, and, upon request of the Institution, a complete list describing such policies as of the July 1 preceding the Authority's receipt of such request shall be furnished to the Institution by the Authority. The Authority, upon giving at least 60 days' notice to the Institution, with a copy to CUNY, may cancel or terminate any coverage provided by the Authority pursuant to this paragraph; whereupon the Institution shall be responsible for providing such coverage as required in the Loan Agreement upon the effective date of termination or cancellation.

(Section 23)

Defaults and Remedies

(1) As used in the Loan Agreement, the term "Event of Default" shall mean:

(a) the Institution shall default in the timely payment of any amount payable pursuant to Section 9 of the Loan Agreement or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement or the Resolution or Series Resolution, and such default continues for a period in excess of seven days;

(b) the Institution defaults in the due and punctual performance of any other covenant in the Loan Agreement contained and such default continues for 30 days after written notice requiring the same to be remedied shall have been given to the Institution and CUNY by the Authority or the Trustee;

(c) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an "event of default" (as defined in the Resolution) shall have been declared under the Resolution so long as such

default or event of default shall remain uncured or the Trustee or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the Institution shall be in default under the Ground Lease, the Mortgage, the Project Management Agreement or the Senior Loan Agreement and such default continues beyond any applicable grace period;

(e) the Institution 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 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 Institution, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Institution, or any petition for any such relief shall be filed against the Institution and such petition shall not be dismissed or stayed within 90 days;

(g) the limited liability company agreement of the Institution shall be suspended or revoked;

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

(i) an order of dissolution of the Institution shall be made by the legislature of the State or other governmental authority having jurisdiction over the Institution, which order shall remain undismissed or unstayed for an aggregate of 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 Institution which petition shall remain undismissed or unstayed for an aggregate of 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 Institution, which order shall remain undismissed or unstayed for the earlier of (A) three Business Days prior to the date provided for in such order for such sale, disposition or distribution or (B) an aggregate of 30 days from the date such order shall have been entered;

(l) a final judgment for the payment of money which in the judgment of the Authority will adversely affect the rights of the Bondholders to receive the Assigned Revenues shall be rendered against the Institution and at any time after 30 days from the entry thereof, (i) such judgment shall not have been discharged or paid or (ii) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within 30 days, the execution of or levy under such judgment, order, decree or process for the enforcement thereof, to have been stayed pending determination of such appeal; or

(m) an Event of Default shall occur under the Support Agreement.

(2) If no Senior Bonds are Outstanding under the Senior Resolution, or if the principal of all Senior Bonds Outstanding under the Senior Resolution has been declared to be due and payable under the Senior Resolution, or the same remedy is being pursued under the Senior Loan Agreement, then, upon the occurrence of an Event of Default under the Loan Agreement, the Authority may take any or all of the following actions:

(a) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Debt Service Reserve Fund, Repair and Replacement Reserve Fund and Operating Reserve Fund by selling the same

at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds or any other obligation or liability of the Institution or the Authority arising from the Loan Agreement, from the Series Resolution or from the Resolution;

(b) to the extent permitted by law, with the consent of the Insurer, at any time discontinue any work commenced in respect of the construction of the Project and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, in connection with the construction of the Project undertaken by the Authority pursuant to this subparagraph, (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of the Project, (y) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of the Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of the Project, and (z) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions of this subparagraph (b) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the Institution to the Authority upon demand. Pursuant to the Loan Agreement, the Institution irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to the Authority by this subparagraph during the term of the Loan Agreement;

(c) require the Institution to assign to the Authority or its designee all of the right, title and interest of the Institution in and to the Project Management Agreement and any and all other agreements of any kind related to the development, operation and/or management of the Project;

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

(e) with the consent of the Insurer, direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Bonds or the Construction Fund to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

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

(g) maintain an action against the Institution under the Loan Agreement to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement, the Mortgage and the Project Management Agreement.

(h) foreclose the Mortgage; and

(i) realize upon any security interest in the fixtures including any one or more of the following actions: (i) enter the Project or Mortgaged Property and take possession of any such fixtures; or (ii) sell, lease or otherwise dispose of any such fixtures, either together with a sale, lease or other disposition of the Mortgaged Property pursuant to the Loan Agreement or to each Mortgage, or separately, whether or not possession has been secured; provided, however, that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in a commercially reasonable manner and upon five days' prior written notice to the Institution of the time and place of such sale.

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

(4) 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 pursuant to subparagraph (2)(d) above 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.

(5) Notwithstanding anything in Section 29 of the Loan Agreement to the contrary, prior to exercising any of the remedies set forth in Section 29 of the Loan Agreement, the Authority shall give written notice to CUNY of the occurrence of an Event of Default and CUNY may cure the same as if it were the Institution under the Loan Agreement. Payment by CUNY of its obligations under the Support Agreement shall be deemed to cure a default under subparagraph (1)(a) caused by a failure by the Institution to make such payment.

(6) The enforcement rights under the Loan Agreement are subject to the enforcement of rights under the Senior Loan Agreement.

(Section 29)

Summary of Certain Provisions of the Resolution

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary, prepared by Co-Bond Counsel, of certain provisions of the Resolution. This summary does not purport to be complete, and reference is made to the Resolution for full and complete statements of each of its provisions. Capitalized terms used herein shall have the meanings ascribed to them in Appendix A.

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Pledge of Revenues

The proceeds from the sale of the Bonds, the Revenues, the security interest in the Assigned Revenues granted by the Institution to the Authority in the Loan Agreement and all funds authorized and established by the Resolution, other than an Arbitrage Rebate Fund, are 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 Bonds and as security for the performance of any other obligation of the Authority under the Resolution, all in accordance with the provisions of the Resolution. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, the right of the Authority to receive payments under the Loan Agreement that are to be deposited with the Trustee, the security interest in the Assigned Revenues and all funds and accounts established by the Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Bonds, the Revenues, the right of the Authority to receive payments under the Loan Agreement that are to be deposited with the Trustee, the security interest in the Assigned Revenues and the funds established by the Resolution (other than the Arbitrage Fund), which pledge shall constitute a first lien thereon, except that the lien on the Assigned Revenues is subordinate to the lien thereon granted by the Senior Resolution and the security interest in the Assigned Revenues granted by the Institution under the Loan Agreement is subordinate to the security interest in the Assigned Revenues granted by the Institution under the Senior Loan Agreement.

(Section 5.01)

Establishment of Funds and Accounts

The following funds are authorized to be established, held and maintained by the Trustee under the Resolution separate from any other funds established and maintained pursuant to any other Resolution:

- | | |
|---------------------------|-------------------------------------|
| Revenue Fund | Operating Fund |
| Construction Fund | Repair and Replacement Reserve Fund |
| Debt Service Fund | Operating Reserve Fund |
| Debt Service Reserve Fund | Arbitrage Rebate Fund |

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with the Series Resolution or the Bond Series Certificate or the Resolution. All amounts received by the Trustee from CUNY pursuant to the Support Agreement shall be deposited by the Trustee in separate accounts established

in the Operating Fund, Arbitrage Rebate Fund, Debt Service Fund and Debt Service Reserve Fund, as applicable. All moneys at any time deposited in any fund created by the Resolution, other than the Arbitrage Rebate Fund, shall be held in trust for the benefit of the Holders of the Bonds, but shall nevertheless be disbursed, allocated and applied solely in connection with the Bonds for the uses and purposes provided in the Resolution; provided, however, that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the applicable Bond Series Certificate or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price of such Option Bonds.

(Section 5.02)

Application of Bond Proceeds and Allocation Thereof

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

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

(Section 5.03)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of the Bonds, the Trustee shall deposit in the appropriate account in the Construction Fund the amount required to be deposited therein pursuant to the Loan Agreement, the Series Resolution or the Bond Series Certificate. In addition, the Authority shall remit to the Trustee and the Trustee shall deposit in the appropriate account in the 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 a Series Resolution or a Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance of the Bonds and the Costs of the Project.

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

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the Institution with respect to the Project or the Mortgaged Property shall be deposited in the appropriate account in the Construction Fund and, if necessary, such fund may be re-established for such purpose and if not used to repair, restore or replace such Project, transferred to the Debt Service Fund for the redemption of the Bonds in accordance with the Loan Agreement.

A Project shall be deemed to be complete upon delivery to the Trustee of a certificate signed by an Authorized Officer of the Institution and approved by or on behalf of the Insurer, which certificate shall be delivered as soon as practicable after the date of completion of the Project, or upon delivery to the Institution and the Trustee of a certificate 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 for such Project and that such Project is ready for occupancy and shall specify the date of completion.

Upon receipt by the Trustee of the certificate required pursuant to Section 5.04 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 the Bonds and Costs of a Project then unpaid, shall be deposited by the Trustee into the Revenue Fund.

(Section 5.04)

Revenue Fund and Application of Revenues

The Revenues (other than the payments made under the Support Agreement) and any other moneys which, by any of the provisions of the Loan Agreement are to be paid to the Trustee, shall, upon receipt by the Trustee, be deposited to the Revenue Fund. The Trustee shall transfer amounts from the Revenue Fund at the times and in the order of priority as follows. The Trustee shall deposit amounts paid to it by CUNY under the Support Agreement directly into the Operating Fund, the Arbitrage Rebate Fund, the Debt Service Fund and the Debt Service Reserve Fund, as applicable. If the amount at any time is insufficient to make the deposits to any fund required to be made pursuant to paragraphs (a)-(l) below (including amounts provided under the Support Agreement for deposit to such funds), the amount to be deposited in such fund on the succeeding transfer date shall be increased by the amount of such deficiency.

(a) Commencing when there are no Senior Bonds Outstanding, on or before the 20th day of each month, there shall be transferred to the Operating Fund an amount equal to the Operating Expenses (other than the Annual Administrative Fee) for the next ensuing month as set forth in the Operating Budget;

(b) Commencing when there are no Senior Bonds Outstanding on the date specified by the Authority, there shall be transferred to the Operating Fund the amount specified in writing by the Authority as having been determined in accordance with the Project Management Agreement as required to pay Operating Expenses not included in the transfers made pursuant to paragraph (a) above;

(c) On the date specified by the Authority, there shall be transferred to the Arbitrage Rebate Fund the amount specified by the Authority;

(d) (i) While Senior Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to the interest payable on the Bonds on all interest payment dates during the succeeding 12 months or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by the Authority to be payable on such interest payment dates and (ii) commencing when there are no Senior Bonds Outstanding, on or before the 20th day of the month preceding each interest payment date, there shall be transferred to the Debt Service Fund an amount equal to the interest payable on the Bonds on such interest payment date or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by the Authority to be payable on such interest payment date;

(e) (i) While Senior Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to the principal amount payable on the Bonds on the next ensuing August 1 and (ii) commencing when there are no Senior Bonds Outstanding, on or before each January 20, there shall be transferred to the Debt Service Fund an amount equal to one-half (1/2) of the principal amount payable on the Bonds on the next ensuing August 1, whether by maturity or mandatory sinking fund redemption, and on or before each July 20 there shall be transferred to the Debt Service Fund the amount necessary to cause the amount on deposit in the Debt Service Fund to be sufficient to pay such principal amount on August 1;

(f) (i) While Senior Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to what is payable by the Institution for the succeeding 12 months under any Interest Rate Exchange Agreement as directed in writing by the Institution, and (ii) commencing when there are no Senior Bonds Outstanding, on or before the 20th day of the month preceding each date on which amounts are payable under an Interest Rate Exchange Agreement, there shall be transferred to the Debt Service Fund such amount payable by the Institution under any Interest Rate Exchange Agreement as directed in writing by the Institution;

(g) (i) While Senior Bonds are Outstanding, on or before each July 20, and (ii) commencing when there are no Senior Bonds Outstanding, on or before each January 20 and July 20, there shall be transferred to the Debt Service Reserve Fund an amount necessary in order to maintain on deposit therein the Debt Service Reserve Fund Requirement for the Bonds or to reimburse pro rata any Facility Provider for any amounts drawn on a Reserve Fund Facility deposited in the Debt Service Reserve Fund;

(h) Commencing when there are no Senior Bonds Outstanding, on or before each January 20 and July 20, there shall be transferred to the Repair and Replacement Reserve Fund an amount equal to one-half (1/2) of the Repair and Replacement Reserve Fund Requirement for such Bond Year, plus an amount equal to any prior withdrawals from such fund pursuant to Section 5.11(2) of the Resolution which have not been previously replenished;

(i) (i) While Senior Bonds are Outstanding, on or before each July 20, an amount equal to the Annual Administrative Fee payable under the Loan Agreement shall be transferred to the Operating Fund and (ii) commencing when there are no Senior Bonds Outstanding, on or before each January 20 and July 20, an amount equal to one-half (1/2) of the Annual Administrative Fee payable under the Loan Agreement shall be transferred to the Operating Fund;

(j) Subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Institution Fee (Subordinate);

(k) Subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Managing Agent's Fee (Subordinate); and

(l) (i) While Senior Bonds are Outstanding, subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Reserve Fund held under the Senior Resolution an amount equal to the difference between the amount on deposit therein and the Operating Reserve Fund Requirement and (ii) commencing when there are no Senior Bonds Outstanding, subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Reserve Fund an amount equal to the difference between the amount on deposit therein and the Operating Reserve Fund Requirement.

Subsequent to August 1 but prior to August 20 of each year, after making the above transfers the Trustee shall, at CUNY's written request and the written direction of the Authority (i) transfer amounts remaining on deposit in the Revenue Fund to the Debt Service Fund for redemption of Bonds then subject to redemption with such amounts, (ii) pay all or a portion of the amounts remaining to CUNY for use for purposes related to the Project, (iii) while Senior Bonds are Outstanding, transfer all or a portion of such amounts to the Operating Reserve Fund held under the Senior Resolution, and commencing when there are no Senior Bonds Outstanding transfer all or a portion of such amounts to the Operating Reserve Fund or (iv) retain all or a portion of such amounts in the Revenue Fund.

If amounts on deposit in the Revenue Fund are insufficient to make all of the transfers required by paragraphs (a)-(l) above, the Trustee shall, within the same day, notify the Authority, CUNY, the Insurer and the Institution.

(Section 5.05)

Debt Service Fund

1. The Trustee shall deposit to the credit of the appropriate account of the Debt Service Fund all amounts transferred from the Revenue Fund.

2. The Trustee shall on or before the Business Day preceding each interest payment date pay from the appropriate account of the Debt Service Fund, to itself and any other Paying Agent:

- (a) the interest due on all Outstanding Bonds on such interest payment date;
- (b) the principal amount due on all Outstanding Bonds on such interest payment date;
- (c) the Sinking Fund Installments, if any, due on all Outstanding Bonds on such interest payment date; and

(d) moneys required for the redemption of Bonds in accordance with Section 5.09 of the Resolution.

3. The Trustee shall also pay from the appropriate account of the Debt Service Fund to the provider of an Interest Rate Exchange Agreement any amount due thereunder.

4. The amounts paid out pursuant to Section 5.06 of the Resolution shall be irrevocably pledged to and applied to such payments.

5. In the event that on the second Business Day preceding any interest payment date the amount in the appropriate account of the Debt Service Fund shall be less than the amounts, respectively, required or estimated to be required for payment of interest on the Outstanding Bonds, 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 first from the Revenue Fund, second from the Operating Reserve Fund, third from the Repair and Replacement Reserve Fund and fourth from the Debt Service Reserve Fund and deposit to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Insurer, the Institution, CUNY and each Facility Provider of a withdrawal from the Revenue Fund, the Operating Reserve Fund, the Repair and Replacement Reserve Fund and the Debt Service Reserve Fund.

6. The Authority may, at any time subsequent to August 1 of any Bond Year but in no event less than 45 days prior to the succeeding August 1 on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any such Term Bond so purchased and any Term Bond purchased by the Institution and delivered to the Trustee in accordance with the Loan Agreement shall be cancelled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of such Term Bond so cancelled shall be credited against the Sinking Fund Installment due on such first day of July; provided that such Term Bond is cancelled by the Trustee prior to the date on which notice of redemption is given.

(Section 5.06)

Debt Service Reserve Fund

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

(b) In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations otherwise required to be deposited in the Debt Service Reserve Fund, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Fund Requirement; provided that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State (i) the claims paying ability of which is rated the highest rating accorded by a nationally recognized insurance rating agency or (ii) obligations insured by a surety bond or an insurance policy issued by such company or association are rated at the time such surety bond or insurance policy is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in the highest rating category by Moody's, Fitch and S&P or, if Outstanding Bonds are not rated by Moody's, Fitch and S&P, by whichever of said rating services that then rates Outstanding Bonds; provided, further, that any such letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols

such as “+” or “-” or numerical notation, in at least the second highest rating category by Moody’s, Fitch and S&P or, if Outstanding Bonds are not rated by Moody’s, Fitch and S&P by whichever of said rating services that then rates Outstanding Bonds; and provided further that the written consent from the Insurer to the delivery of such Reserve Fund Facility shall have been obtained.

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

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the unsecured or uncollateralized long term debt of the Facility Provider thereof or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of such Facility Provider is reduced below the ratings required by the second preceding paragraph, the Authority shall, unless at the time such ratings are reduced the Facility Provider is the Insurer of all Outstanding Bonds, either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the second preceding paragraph or (ii) deposit or cause to be deposited in the Debt Service Reserve Fund an amount of moneys, Government Obligations or Exempt Obligations which meet the requirements of Section 6.02(a) of the Resolution which is equal to the value of the Reserve Fund Facility, such deposits to be, as nearly as practicable, in 10 equal semi-annual installments commencing on the earlier of the July 1 or January 1 next succeeding the reduction in said ratings.

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

For the purposes of Section 5.07 and Section 5.13 of the Resolution, in computing the amount on deposit in a Debt Service Reserve Fund, a letter of credit, a surety bond or an insurance policy shall be valued at the amount available to be drawn or payable thereunder on the date of computation.

2. Moneys held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and applied to the payment of interest, principal and Sinking Fund Installments at the times and in the amounts required to comply with the provisions of Section 5.06 of the Resolution; provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund pursuant to Section 5.07 of the Resolution can not be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom the Trustee shall obtain payment under each such Reserve Fund Facility pro rata based upon the respective amounts then available to be paid thereunder.

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

3. Moneys and investments held for the credit of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be withdrawn by the Trustee and deposited, upon the written direction of the Authority, in the Arbitrage Rebate Fund, the Revenue Fund and the Construction Fund or applied to the redemption of Bonds in accordance with such direction.

4. If, upon a valuation, the value of all moneys, Government Obligations, Exempt Obligations and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall, within the same day, notify the Authority, the Insurer, each Facility Provider, CUNY and the Institution of such deficiency.

(Section 5.07)

Operating Fund

1. On the first Business Day of each month, the Trustee shall transfer from the Operating Fund to the Operating Account all amounts then on deposit in the Operating Fund that were transferred thereto pursuant to Section 5.05(a) and (i) of the Resolution.

2. The Trustee shall transfer to the Operating Account the amounts on deposit in the Operating Fund that were transferred thereto pursuant to Section 5.05(b) of the Resolution. Such transfer to the Operating Account shall occur at any time pursuant to a requisition signed by an Authorized Officer of the Authority stating that such amount represents Operating Expenses not included in the transfers made pursuant to Section 5.05(a) of the Resolution determined pursuant to the Project Management Agreement and certified as such by the Managing Agent and approved by CUNY.

3. Subsequent to August 1 but prior to August 20 of each year, the Trustee shall transfer from the Operating Fund to the Operating Account an amount equal to the Annual Institution's Fee and the Annual Management Agent's Fee certified by CUNY or, if the amount on deposit in the Operating Fund is less than such fees, all amounts on deposit in the Operating Fund shall be so transferred.

4. If the amount on deposit in the Operating Fund is less than the amount required to be transferred therefrom, the Trustee shall withdraw first from the Revenue Fund, second from the Operating Reserve Fund and third from the Repair and Replacement Reserve Fund such amounts as will increase the amount in the Operating Fund to an amount sufficient to make such transfers and shall deposit such amount in the Operating Fund.

(Section 5.08)

Application of Moneys in the Debt Service Fund for Redemption of Bonds

1. Moneys delivered to the Trustee, which by the provisions of the Loan Agreement or the Resolution are to be applied for redemption of the Bonds, shall upon receipt by the Trustee be deposited to the credit of the appropriate account in the Debt Service Fund for such purpose.

2. In the event that on any interest payment date the amount in the Debt Service Fund, exclusive of amounts therein deposited for the redemption of Bonds, shall be less than the amounts respectively required for payment of interest on Outstanding Bonds, for the payment of principal of such Outstanding Bonds or for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date, the Trustee shall, after the withdrawal made pursuant to Section 5.06(5) of the Resolution, apply moneys in the Debt Service Fund deposited therein for the redemption of such Bonds (other than moneys required to pay the Redemption Price of any such Outstanding Bonds theretofore called for redemption or to pay the purchase price of Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) in the following order of priority: first, to pay interest on such Bonds, and second, to pay principal of or Sinking Fund Installments of such Bonds.

3. Subject to the provisions in paragraph (2) above, moneys in the Debt Service Fund to be used for redemption of Bonds shall be applied by the Trustee to the purchase of Outstanding Bonds at purchase prices not exceeding the Redemption Price on the next interest payment date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Authority shall direct.

4. Notwithstanding the provisions of paragraph (3) above, if the moneys in the Debt Service Fund at any time (other than such moneys required to pay the Redemption Price of any Outstanding Bonds theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) is sufficient to make provision pursuant to Section 12.01(2) of the Resolution for the payment of such Outstanding Bonds at the maturity or redemption date thereof, the Authority may request the Trustee to take such action consistent with Section 12.01(2) of the Resolution as is required thereby to deem certain of such Bonds to have been paid within the meaning of Section 12.01 of the Resolution. The Trustee, upon receipt of such request, the irrevocable instructions required by Section 12.01(2) of the Resolution and irrevocable instructions of the Authority to purchase direct obligations of the United States of America sufficient to make any deposit required thereby, shall comply with such request.

(Section 5.09)

Arbitrage Rebate Fund

The Trustee shall deposit to the appropriate account in the Arbitrage Rebate Fund any moneys delivered to it for deposit therein and, notwithstanding any other provisions of Article V of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the written 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 Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the written 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 the Revenue 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 the Bonds and direct the Trustee to (i) transfer from any other of the funds held by the Trustee under the Resolution and deposit to the Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States or America the amount, if any, required by the Code to be rebated thereto.

(Section 5.10)

Repair and Replacement Reserve Fund

1. The amount on deposit in the Repair and Replacement Reserve Fund shall be applied to defray the costs, other than of ordinary maintenance and repair, of renewing, repairing, replacing, renovating and improving the Project and its equipment and to the renewal, replacement and repair of damaged property of the Project. Amounts on deposit in the Repair and Replacement Reserve Fund may also be used to pay Costs of the Project in addition to amounts on deposit in the Construction Fund. Any payment from the Repair and Replacement Reserve Fund shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, substantiated by a certificate filed with the Authority signed by an Authorized Officer of the Institution or the Managing Agent (pursuant to the Project Management Agreement) naming the Project in connection with which payment is to be made and describing in reasonable detail the purpose and the amount of each payment.

2. In the event that on the second Business Day preceding any interest payment date and after any withdrawal from the Revenue Fund and the Operating Reserve Fund made pursuant to Section 5.06(5) of the Resolution the amount in the Debt Service Fund shall be less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of Outstanding Bonds due and payable on such interest payment date, together with the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Repair and Replacement Reserve Fund and deposit to the Debt Service Fund such amount as will increase the amount therein to an amount sufficient to make such payments.

3. Amounts on deposit in the Repair and Replacement Reserve Fund shall also be transferred to the Operating Fund in accordance with Section 5.08(4) of the Resolution.

4. At the written direction of the Authority, amounts in the Repair and Replacement Reserve Fund that have been determined in accordance with the Project Management Agreement to be in excess of the amount necessary to be on deposit therein shall be transferred to the Revenue Fund.

(Section 5.11)

Operating Reserve Fund

1. Amounts on deposit in the Operating Reserve Fund shall be transferred to the Operating Fund in accordance with Section 5.08(4) of the Resolution.

2. In the event that on the second Business Day preceding any interest payment date and after any withdrawal from the Revenue Fund made pursuant to Section 5.06(5) of the Resolution the amount in the Debt Service

Fund shall be less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of Outstanding Bonds due and payable on such interest payment date, together with the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Operating Reserve Fund and deposit to the Debt Service Fund such amount as will increase the amount therein to an amount sufficient to make such payments.

3. Any amounts in the Operating Reserve Fund in excess of the Operating Reserve Fund Requirement shall be transferred to the Revenue Fund in accordance with the written direction of the Authority.

(Section 5.12)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if, upon the computation of assets of the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund, pursuant to Section 5.07 of the Resolution, the amounts held in the appropriate accounts in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds be redeemable, the Trustee shall so notify the Authority, CUNY, the Insurer and the Institution. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds as provided in Article IV of the Resolution.

(Section 5.13)

Transfer of Investments

Whenever moneys in any fund established under the Resolution are to be paid in accordance therewith 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 5.14)

Computation of Assets in Debt Service Reserve Fund

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Institution or CUNY, 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 Sections 5.05(g), 5.06, 5.07 or 5.13 of the Resolution, shall compute the value of the assets in the Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority, CUNY and the Institution as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement.

(Section 5.15)

Investment of Funds and Accounts

Moneys held under the Resolution in any fund or account established thereby or by or pursuant to a Series Resolution, if permitted by law, shall, as nearly as may be practicable, be invested in Government Obligations, Federal Agency Obligations, Exempt Obligations, and, if not inconsistent with the investment guidelines of a Rating Service applicable to funds held thereunder, any other Permitted Investment; provided, however, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes of the Resolution; 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. Moneys held thereunder by the Trustee shall be invested by the Trustee upon the direction of an Authorized Officer of the Authority given or confirmed in writing, which direction shall specify the amount to be so invested.

Permitted Investments purchased or other investments made as an investment of moneys in any fund or account held under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and losses suffered by a fund or account due to the investment thereof shall be charged to such fund or account. The income or interest earned on or profits on investments of any fund shall be transferred to the Revenue Fund except that the income or interest earned or profits on investments in the Construction Fund shall be retained therein.

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 the market value thereof, plus accrued interest.

Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant thereto and the proceeds thereof may be reinvested as provided in Section 6.02 of the Resolution. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant thereto whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority, 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 thereunder and of the details of all investments held for the credit of each fund and account in its custody under the provisions thereof as of the end of the preceding month and as to whether such investments comply with the provisions of the first and second paragraphs above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

No part of the proceeds of any Series of Bonds or any other moneys 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)

Security for Deposits

All moneys held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority and the Holders of the Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to Section 5.06 or Section 12.01 of the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on the Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such moneys.

(Section 6.01)

Additional Obligations

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, other than the Senior Resolution, 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, or prior or equal to the rights of the Authority and Holders of Bonds provided thereby or with respect to the moneys pledged thereunder (other than respect to Senior Bonds Outstanding under the Senior Resolution).

(Section 2.05)

Creation of Liens

Other than with respect to Senior Bonds Outstanding under the Senior Resolution, the Authority shall not create or cause to be created any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of such Bonds, the Revenues pledged for the Bonds, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee or the funds established by the Resolution or by any Series Resolution which are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution; provided further, however, that nothing contained in the Resolution shall prevent the Authority from granting to a Facility Provider or a provider of an Interest Rate Exchange Agreement, a charge or lien on the property pledged pursuant to the Resolution so long as such charge or lien is not prior to the charge or lien created thereby. The Authority shall not issue any additional Senior Bonds under the Senior Resolution.

(Section 7.06)

Tax Exemption; Rebates

Unless otherwise provided in a Series Resolution, in order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds, the Authority shall comply with the provisions of the Code applicable to the Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of the Bonds, reporting of earnings on the Gross Proceeds of the Bonds, and rebates of Excess Earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the tax compliance certificate as to compliance with the Code with respect to the Bonds, to be delivered by Bond Counsel at the time the Bonds are issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

Unless otherwise provided in a Series Resolution, the Authority shall not take any action or fail to take any action which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(Section 7.13)

Events of Default

An “event of default” shall exist under the Resolution if:

(a) 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) 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) The Authority shall default in the due and punctual performance of the covenants contained in Section 7.13 of the Resolution and, as a result thereof, the interest on any applicable Bonds shall no longer be excludable from gross income under Section 103 of the Code; or

(d) The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the holders of such Bonds contained in the Resolution or in the Bonds or in any Series Resolution or 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, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds or the Insurer of not less than 25% in principal amount of the Outstanding Bonds; or

(e) An "Event of Default," as defined in the Loan Agreement, shall have occurred and is continuing and all sums payable by the Institution under such Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

If no Senior Bonds are Outstanding under the Senior Resolution, or if the principal of all Senior Bonds Outstanding under the Senior Resolution has been declared to be due and payable under the Senior Resolution, then, upon the happening and continuance of any event of default specified in Section 11.02 of the Resolution, other than an event of default specified in paragraph (c) of Section 11.02 of the Resolution, then and in every such case the Trustee, upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds, shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be due and payable immediately. At the expiration of 30 days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or in the Bonds to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy thereunder, the Trustee may with the written consent of the Holders of not less than 25% in principal amount of such Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent incurred in connection with the Bonds; (iii) all other amounts then payable by the Authority under the Resolution and under each Series Resolution in connection with the Bonds 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 such covenant, condition or agreement contained in the Resolution or in any Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under Section 11.03 of the Resolution) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

An Insurer for a Series of Bonds may exercise the rights for the Holders of such Bonds that it insures, provided there is no current uncured Insurer Default, and requests by insured Bondholders shall be accompanied by the consent of the applicable Insurer.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in Section 11.02 of the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Insurer or the Holders of not less than 25% in principal amount of the Outstanding Bonds with the consent of such Insurer, shall proceed (subject to the provisions of Section 8.06 of the Resolution), to protect and enforce its rights and the rights of the Holders of Bonds under the Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under any Series Resolution or in aid or execution of any power 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. The enforcement of the rights of the Holders hereunder is subject to the rights of the Holders of the Senior Bonds. In the enforcement of any remedy under the

Resolution, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of any Series Resolution or of the Bonds, with interest or overdue payment of the principal of and interest on such 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 the manner provided by law, the moneys adjudged or decreed to be payable.

(Section 11.04)

Bondholders' Direction of Proceedings

Anything in the Resolution to the contrary notwithstanding, the Insurer or the Holders of not less than 25% in principal amount of the Outstanding Bonds, with the consent of the Insurer or, in the case of an event of default specified in paragraph (c) of Section 11.02 of the Resolution, the Holders of a majority in principal amount of the Outstanding Bonds with the consent of the Insurer, shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under each Series Resolution, provided, such direction shall not be otherwise than in accordance with law or the provisions of the Resolution and of each Series Resolution, and 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

Neither a Holder of any of the Bonds nor the Insurer shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder or such Insurer previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Insurer or the Holders of not less than 25% in principal amount of the Outstanding Bonds, with the consent of each such Insurer, or, in the case of an event of default specified in paragraph (c) of Section 11.02 of the Resolution, the Holders of not less than a majority in principal amount of the Outstanding Bonds with the consent of the Insurer, 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 or for any other remedy under the Resolution. It is understood and intended that no one or more Insurers or Holders of the Bonds secured by the Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds. Notwithstanding any other provision of the Resolution, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (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)

Modification and Amendment Without Consent

Notwithstanding any other provisions of Article IX or Article X of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following

purposes, and any such Series Resolutions or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by the Authority:

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (e) To confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other moneys, Securities or funds;
- (f) To modify any of the provisions of the Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds shall contain a specific reference to the modifications contained in such subsequent resolutions; or
- (g) To modify the provisions of Section 6.02(a) of the Resolution in any respect, provided that such modification shall not permit the investment of moneys in the Debt Service Fund in any manner inconsistent with the provisions of Section 6.02(a) of the Resolution and shall not result in the reduction by a Rating Service of the ratings assigned thereby to any of the Outstanding Bonds; or
- (h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Holders of Bonds or the Insurer in any material respect.

The Authority shall give the Insurer notice of each such Supplemental Resolution adopted pursuant to Section 9.01 of the Resolution amending the Resolution.

(Section 9.01)

Supplemental Resolutions Effective with Consent of Bondholders

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Insurer and Bondholders in accordance with and subject to the provisions of Article X of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by the Authority.

(Section 9.02)

Amendment of the Loan Agreement and the Support Agreement

Neither the Loan Agreement nor the Support Agreement may be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of the Outstanding Bonds without the prior

written consent of CUNY and of the Insurers of at least a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the Insurer or 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 Section 7.11 of the Resolution; provided, further, that no such amendment, change, modification, alteration or termination will: (i) 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 (ii) decrease the amount of any payment required to be made by the Institution under the Loan Agreement or the amount payable by CUNY under the Support Agreement (other than amounts solely for the benefit of the Authority or the Trustee) or extend the time of payment thereof. Except as otherwise provided in Section 7.11 of the Resolution, the Loan Agreement and the Support Agreement may be amended, changed, on any date or, modified or altered with the consent of CUNY but without the consent of the Insurers, the Holders of Outstanding Bonds or the Trustee. Specifically, and without limiting the generality of the foregoing, the Loan Agreement and the Support Agreement may be amended, changed, modified or altered without the consent of the Insurers, the Trustee and the Holders of Outstanding Bonds to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, the providing, furnishing and equipping of any facilities constituting a part of the Project or which may be added to such Project, in connection with the issuance of Bonds, in connection with the assignment by the Institution pursuant to Section 12 of the Loan Agreement and to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement or the Support Agreement which may be defective or inconsistent with any other provisions contained herein or in the Loan Agreement or the Support Agreement. Upon execution by the Authority of any amendment, a copy thereof certified by the Authority shall be filed with the Insurers and the Trustee.

For the purposes of Section 7.11 of the Resolution, the Bonds shall be deemed to be adversely affected by an amendment, change, modification or alteration of the Loan Agreement or the Support Agreement if the same adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds would be adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.

For all purposes of Section 7.11 of the Resolution, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee and the Insurers, with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Bonds and the Insurers of Bonds then Outstanding.

(Section 7.11)

Defeasance

1. If the Authority shall pay or cause to be paid to the Holders of the Bonds the principal, Sinking Fund Installments, if any, or Redemption Price, if any, thereof and interest thereon, at the times and in the manner stipulated therein, in the Resolution and in the Series Resolution and in the Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the written request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or other Securities held by it pursuant to the Resolution and to the Series Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to each Facility Provider which has certified to the Trustee and the Authority that moneys advanced under a Reserve Fund Facility which constitutes any part of the Debt Service Reserve Fund together with any interest thereon, have not been repaid, pro rata, based upon the respective amounts certified by each such Facility Provider; third, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to CUNY. Such Securities so paid or delivered shall be released from any trust, pledge, lien encumbrance or security interest created by the Resolution, or by the Loan Agreement.

2. Bonds 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 paragraph (1) above. All Outstanding Bonds of any maturity or a portion of a maturity shall prior to the maturity or redemption date

thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) above 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 publish as provided in Article IV of 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 Defeasance Securities 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 for such purpose at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee shall have received the consent to each deposit of each Facility Provider which has issued a Reserve Fund Facility which constitutes a part of the Debt Service Reserve Fund and which has given written notice to the Authority that amounts advanced thereunder or the interest thereon have not been paid to such Facility Provider, and (d) in the event such Bonds are not by their terms subject to redemption within the next succeeding 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 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 Section 12.01 of the Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on 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 12.01 of the Resolution. The Trustee shall select which Bonds and which maturity thereof shall be paid in accordance with Section 12.01 of the Resolution in the manner provided in Section 4.04 of the Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to Section 12.01 of the Resolution nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; provided 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, at the written direction of the Authority, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, provided, further, that Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a verification agent verifying the accuracy of the arithmetical computations which establish the adequacy of such moneys and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amount required pursuant to Section 12.01 of the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the written direction of the Authority; second, to each Facility Provider who has certified to the Trustee and the Authority that moneys advanced under a Reserve Fund Facility issued by it which constitutes any part of the Debt Service Reserve Fund, together with any interest thereon, have not been repaid, pro rata, based upon the respective amounts certified by each such Facility Provider; third, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to CUNY, 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. 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 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 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.

4. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to its municipal bond insurance policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Resolution and all covenants, agreements and other obligations of the Authority to the Bondholders shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Bondholders.

5. Prior to any defeasance becoming effective under the Resolution, the Insurer shall have received from the Authority (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 instruction in form and substance acceptable to such Insurer, and (d) a copy of an opinion of Bond Counsel, dated the date of defeasance and addressed to such Insurer, to the effect that such Bonds have been paid within the meaning and with the effect expressed in the Resolution, and that the covenants, agreements and other obligations of the Authority to the Holders of such Bonds have been discharged and satisfied.

6. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any in accordance with the second sentence of Section 12.01(2) of the Resolution, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at either the Maximum Interest Rate permitted by the terms thereof or the actual rate at which such Bonds will bear interest to their respective dates of maturity or redemption; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the second sentence of Section 12.01(2) of the Resolution, the Trustee shall, if requested in writing by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

7. Option Bonds shall be deemed to have been paid in accordance with the second sentence of Section 12.01(2) of the Resolution only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to Section 12.01(2) of the Resolution, the options originally exercisable by the Holder of an option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested in writing by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(Section 12.01)

Termination of Insurer's Rights

Whenever by the terms of the Resolution or any Series Resolution the consent or approval of the Insurer is required or the Insurer, alone or together with the Holders of Bonds is authorized to request or direct the Trustee to take any action, such consent or approval shall not be required and the Trustee shall not be obligated to comply with such request or direction if an Insurer Default shall then exist and be continuing. Nothing contained in the Resolution shall limit or impair the rights of the Holders of Bonds to give any consent or approval or to request or direct the Trustee to take any action and, if an Insurer Default shall then exist and be continuing, such consent or approval shall be effective without the consent or approval of such Insurer otherwise required by Article XI of the Resolution and the Trustee shall comply with such request or direction notwithstanding that such request or direction is required to be made or given together with such Insurer.

If such Insurer Default shall be cured the Trustee will follow the instructions of the Insurer in accordance with the Resolution. Anything in the Resolution or the Series Resolution to the contrary notwithstanding, any rights of subrogation of the Insurer gained as a result of any payments made pursuant to a municipal bond insurance policy shall continue to exist and be unaffected by any limitations on such rights in Section 11.14 of the Resolution or elsewhere in the Resolution or in the Series Resolution imposed as a result of an Insurer Default.

(Section 11.14)

Summary of Certain Provisions of the Support Agreement

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE SUPPORT AGREEMENT

The following is a summary, prepared by Co-Bond Counsel, of certain provisions of the Support Agreement. This summary does not purport to be complete, and reference is made to the Support Agreement for full and complete statements of each of its provisions. Capitalized terms used herein shall have the meanings ascribed to them in Appendix A.

Effectiveness of Obligations

The obligations of CUNY under the Support Agreement shall commence upon the issuance of the Series 2021 Bonds and shall terminate upon the payment or legal defeasance of all of the Series 2021 Bonds.

(Section 5.1)

Payment Obligations of CUNY

Replenishment of Deficiencies in Funds

1. Not later than eight days following receipt of notice from the Trustee that the amount on deposit in the Operating Fund, the Arbitrage Rebate Fund or the Debt Service Fund (following transfers to such funds from the other funds held under the Resolution in accordance with the terms of the Resolution) is insufficient to make the payments required to be made from such funds (other than to pay the Annual Institution Fee (Subordinate) (other than deferred amounts included as Operating Expenses) or the Annual Managing Agent's Fee (Subordinate)), CUNY shall transfer to the Trustee the amount of such deficiency.

2. Not later than eight days following receipt of notice from the Trustee that the amount on deposit in the Operating Fund held under the Senior Resolution (following transfers to such funds from the other funds held under the Senior Resolution in accordance with the terms of the Senior Resolution) is insufficient to make the payments required to be made from such funds, CUNY shall transfer to the Trustee under the Senior Resolution the amount of such deficiency.

Institution Bankruptcy

Not later than eight days following receipt of notice from the Trustee that it is prohibited by court order, decree, injunction, statement, rule or other action of a governmental entity from making the payments required to be made from the Operating Fund, the Rebate Fund and the Debt Service Fund, CUNY shall transfer to the Trustee sufficient funds to make the required payments from such funds.

Priority of Source of CUNY Payments

CUNY shall pay amounts due under the Support Agreement from legally available funds of CUNY in the following order of priority: first, with amounts it received from operation of the Project; second, with other monies legally available to it (other than funds appropriated to it by the State or The City of New York); and third, from any other monies legally available to it for such purpose.

(Section 2.1)

Obligations Unconditional; Consent and Waiver

CUNY expressly agrees that, to the extent permitted by law, its obligations under the Support Agreement shall be unconditional irrespective of the validity, regularity or enforceability of the Series 2021 Bonds or the Loan Agreement, the absence of any action to enforce the same, the waiver or consent by the Authority, the Trustee, the Insurer or the Institution with respect to any of the provisions thereof or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a surety or CUNY including, without limitation, any

failure of or delay in due and timely presentation, demand and protest or notice of presentation, demand and protest thereof.

The obligations of CUNY under the Support Agreement shall not be released, diminished, reduced impaired or affected by any action taken by the Authority, the Trustee or the Insurer in the exercise of any right or power thereby conferred or otherwise, or by any failure or omission on the part of the Authority, the Trustee or the Insurer to enforce any rights given thereunder or conferred thereby, or to take any other action thereunder, or by any waiver of any such right or other action by any of them or by any action of any of them in granting indulgence, modification, release or extension to the Institution or CUNY, or by any waiver by the Authority, the Trustee or the Insurer of any default on the part of the Institution, or by the giving of any notice under the provisions of the Resolution or the Loan Agreement, or by the release or waiver by operation of law or otherwise, of the performance or observance by the Institution of the Loan Agreement or any other term or condition to be performed by the Institution, or by any failure to give any notice required or permitted under the Support Agreement or under the Resolution or the Loan Agreement. No proceedings taken for the enforcement of the Resolution or the Loan Agreement shall affect the obligations of CUNY under the Support Agreement, nor shall any exchange, modification or release of any part of the Assigned Revenues or Mortgaged Property affect such obligations in any way. To the fullest extent permitted by law, CUNY agrees not to assert, and pursuant to the Support Agreement waives, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to CUNY to avoid payment of its obligations under the Support Agreement in accordance with the express provisions of the Support Agreement.

CUNY's obligation to pay under the Support Agreement shall not be affected in any way by the institution with respect to the Institution of a bankruptcy, reorganization, moratorium or similar insolvency proceeding or other relief under any bankruptcy or insolvency law affecting creditor's rights or a petition for the Institution's winding-up or liquidation. The Support Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment by the Institution is annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by the Authority or the Trustee or the Holder of a Series 2021 Bond upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Institution, or upon or as a result of the appointment of a receiver or conservator of, or trustee for, the Institution or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

(Section 2.2)

Other Security

The Authority may pursue its rights and remedies under the Support Agreement notwithstanding (i) any security for the obligations of the Institution under the Loan Agreement or the Authority under the Resolution, and (ii) any action taken or omitted to be taken by the Authority or the Trustee to enforce any of the rights or remedies with respect to any other security.

(Section 2.3)

Termination of Project

CUNY, with the consent of the Authority (which consent shall not be unreasonably withheld or delayed), may cease, or cause the cessation of, operation of the Project (i) at any time that CUNY is making payments under the Support Agreement or (ii) if CUNY has made, but is not then required to make, any payments under the Support Agreement, at any time within four months after making a payment; provided that, in either case, (w) all obligations of the Institution under the Loan Agreement, other than those relating to operating the Project, shall remain in full force and effect and the Support Agreement shall remain in full force and effect, (x) such cessation shall be effected in a manner that will not violate any leases or licenses with residents at the Project, (y) Bond Counsel delivers an opinion to the effect that the cessation of operation of the Project does not adversely affect the exclusion of interest on any Series 2021 Bonds from gross income for federal income tax purposes and (z) unless the Loan Agreement is being assigned contemporaneously by the Institution in accordance with Section 12(3) of the Loan Agreement, counsel reasonably acceptable to the Institution delivers an opinion (at the expense of CUNY) to the effect that the cessation of the operation of the Project does not cause EHS, the Institution's sole member, to become an organization not described in Section 501(c)(3) of the Code and does not cause the Institution to breach any

provision of its limited liability company agreement. The Authority agrees that, at CUNY's request, it shall then exercise its rights under Section 12(3) of the Loan Agreement. The parties agree that clause (z) above is for the benefit of the Institution and may only be waived by the Institution.

(Section 2.5)

Consent to Assignment

CUNY agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and interests under the Support Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by Section 2.6 of the Support Agreement, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Support Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing CUNY's obligation to make all payments required by the Support Agreement and to performing all other obligations required to be performed by CUNY under the Support Agreement. Any pledge made or security interest granted by the Support Agreement and any realization upon such pledge or security interest shall not, by operation of law or otherwise, result in cancellation or termination of the Support Agreement or the obligations of CUNY thereunder.

(Section 2.6)

Surplus Revenues

CUNY shall apply amounts received by it pursuant to the penultimate paragraph of Section 5.05 of the Resolution for use for purposes related to the Project.

(Section 2.7)

Events of Default

An "Event of Default" under the Support Agreement shall exist if any of the following occurs and is continuing:

Particular Covenant Defaults

CUNY fails to perform or observe any covenant or agreement contained in Section 2.1 of the Support Agreement.

Other Defaults

CUNY fails to comply with any other provision of the Support Agreement, and such failure continues for more than 30 days after written notice of such failure has been given to CUNY.

Warranties or Representations

Any warranty, representation or other statement by or on behalf of or with respect to CUNY contained in the Support Agreement is false or misleading in any material respect as of the date made.

Bankruptcy or Insolvency, Etc.

The failure by CUNY generally to pay its debts as they become due; or an assignment by CUNY for the benefit of creditors is made, the commencement (as the debtor) of a case in bankruptcy, or the commencement (as the debtor) of any proceeding under any other insolvency law; or the commencement of a case in bankruptcy or any proceeding under any other insolvency law against CUNY (as the debtor) and a court having jurisdiction over the premises enters a decree or order for relief against CUNY as the debtor in such case or proceeding, or such case or proceeding is consented to by CUNY or remains undismissed for 90 days, or CUNY consents to or admits the material allegations against it in any such case or proceeding; or a trustee,

receiver or agent (however named) is appointed or authorized to take control over all or substantially all of the property of CUNY for the purpose of enforcing a lien against such property or for the purpose of general administration of such property for the benefit of creditors

(Section 3.1)

Default Remedies

If any Event of Default exists, the Authority may proceed to enforce the provisions of the Support Agreement and to exercise any other rights, powers and remedies available to it. The Authority, in its discretion, shall have the right to proceed first and directly against CUNY under the Support Agreement without proceeding against or exhausting any other remedies which it may have against the Institution or otherwise and without resorting to any other security held by the Institution, the Authority or the Trustee.

(Section 3.2)

Amendments

The Support Agreement may be amended only in accordance with Section 7.11 of the Resolution, and each amendment shall be made by an instrument in writing signed by an Authorized Officer of CUNY and the Authority consented to in writing by the Insurer, an executed counterpart of which shall be filed with the Trustee.

(Section 5.6)

Forms of Approving Opinions of Co-Bond Counsel

APPENDIX G

FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL

[ORRICK, HERRINGTON & SUTCLIFFE LLP LETTERHEAD]

June 17, 2021

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

Re: EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bonds,
Series 2021 (Federally Taxable)

Ladies and Gentlemen:

We have acted as co-bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with its issuance of \$13,080,000 aggregate principal amount of EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bonds, Series 2021 (the “Bonds”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), and the Authority’s EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bond Resolution, adopted May 19, 2021 (the “Resolution”), as amended and supplemented by the Series 2021 Resolution Authorizing EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bonds, Series 2021 In An Amount Not Exceeding \$19,000,000, adopted May 19, 2021 (the “Series 2021 Resolution” and, together with the Resolution, the “Resolutions”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions. The Authority has entered into a Loan Agreement with EHS Towers LLC (the “Institution”), dated as of May 19, 2021 (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the purposes permitted thereby and by the Resolutions.

The Bonds are to mature on the dates and in the years and amounts and interest on the Bonds is payable at the rates and in the amounts set forth in the Bond Series Certificate executed and delivered pursuant to the Resolutions concurrently with the issuance of the Bonds (the “Bond Series Certificate”).

The Bonds are to be issued initially in fully registered form in the denomination of \$5,000 and any integral multiple thereof. The Bonds are payable, subject to redemption prior to maturity, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions and the Bond Series Certificate.

In such connection, we have reviewed the Resolutions, the Loan Agreement, the Support Agreement dated as of June 17, 2021 (the “Support Agreement”) between the Authority and City University of New York (“CUNY”), opinions of counsel to the Institution and CUNY, certificates of the Authority, the Trustee, the Institution, CUNY and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of General Counsel to the Institution and Educational Housing Services, Inc. regarding, among other matters, the current qualification of Educational Housing Services, Inc. as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of Educational Housing Services, Inc. within the meaning of Section 513 of the Code. We have further relied on the opinion of Cozen O’Connor, special counsel to the Institution, regarding, among other matters, the status of the Institution as a “disregarded entity” that is disregarded as an entity separate from Educational Housing Services, Inc. We note that such opinions are subject to a number of qualifications and limitations. Failure of Educational Housing Services, Inc. to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or of the Institution to be classified as other than a “disregarded entity,” or use of the bond-financed facilities in activities that are considered unrelated trade or business

activities of Educational Housing Services, Inc. within the meaning of Section 513 of the Code, could negatively affect several of the opinions and conclusions set forth below.

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Loan Agreement, the Support Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Support Agreement. We call attention to the fact that the rights and obligations under the Bonds, the Resolutions, the Loan Agreement and the Support Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.

2. The Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions and the Bond Series Certificate, will be payable solely from the sources provided therefor in the Resolutions, and will be entitled to the benefit of the Resolutions and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Loan Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the Institution, constitutes a valid and binding agreement of the Authority in accordance with its terms.

5. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of New York, and the State of New York is not liable for the payment thereof.

6. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

June 17, 2021

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

RE: \$13,080,000 DORMITORY AUTHORITY OF THE STATE OF NEW YORK EHS TOWERS LLC –
CUNY STUDENT HOUSING PROJECT SUBORDINATE REVENUE BONDS, SERIES 2021 (FEDERALLY
TAXABLE)

Ladies and Gentlemen:

We have acted as co-bond counsel to the Dormitory Authority of the State of New York (the “**Authority**”) in connection with its issuance of \$13,080,000 aggregate principal amount of EHS TOWERS LLC – CUNY STUDENT HOUSING PROJECT SUBORDINATE REVENUE BONDS, SERIES 2021 (the “**Bonds**”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), and the Authority’s EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bond Resolution, adopted May 19, 2021 (the “**Resolution**”), as amended and supplemented by the Series 2021 Resolution Authorizing EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bonds, Series 2021 In An Amount Not Exceeding \$19,000,000, adopted May 19, 2021 (the “**Series 2021 Resolution**” and, together with the Resolution, the “**Resolutions**”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions. The Authority has entered into a Loan Agreement with EHS Towers LLC (the “**Institution**”), dated as of May 19, 2021 (the “**Loan Agreement**”), providing, among other things, for a loan to the Institution for the purposes permitted thereby and by the Resolutions.

The Bonds are to mature on the dates and in the years and amounts and interest on the Bonds is payable at the rates and in the amounts set forth in the Bond Series Certificate executed and delivered pursuant to the Resolutions concurrently with the issuance of the Bonds (the “**Bond Series Certificate**”).

The Bonds are to be issued initially in fully registered form in the denomination of \$5,000 and any integral multiple thereof. The Bonds are payable, subject to redemption prior to maturity, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions and the Bond Series Certificate.

In such connection, we have reviewed the Resolutions, the Loan Agreement, the Support Agreement, dated as of _____, 2021 (the “**Support Agreement**”), between the Authority and City University of New York (“**CUNY**”), opinions of counsel to the Institution and CUNY, certificates of the Authority, the Trustee, the Institution, CUNY and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of General Counsel to the Institution and Educational Housing Services, Inc. regarding, among other matters, the current qualification of Educational Housing Services, Inc. as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “**Code**”) and the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of Educational Housing Services, Inc. within the meaning of Section 513 of the Code. We have further relied on the opinion of Cozen O’Connor, counsel to the Institution, regarding, among other matters, the status of the Institution as a “disregarded entity” that is disregarded as an entity separate from Educational Housing Services, Inc. We note that such opinions are subject to a number of qualifications and limitations. Failure of Educational Housing Services, Inc. to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or of the Institution to be classified as other than a “disregarded entity,” or use of the bond-financed facilities in activities that are considered unrelated trade or business

activities of Educational Housing Services, Inc. within the meaning of Section 513 of the Code, could negatively affect several of the opinions and conclusions set forth below.

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Loan Agreement, the Support Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Support Agreement. We call attention to the fact that the rights and obligations under the Bonds, the Resolutions, the Loan Agreement and the Support Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.

2. The Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions and the Bond Series Certificate, will be payable solely from the sources provided therefor in the Resolutions and will be entitled to the benefit of the Resolutions and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by and constitute the valid and binding obligations of the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Loan Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the Institution, constitutes a valid and binding agreement of the Authority in accordance with its terms.

5. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of New York, and the State of New York is not liable for the payment thereof.

6. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Very truly yours,

Forms of Agreements to Provide Continuing Disclosure

FORM OF
CITY UNIVERSITY OF NEW YORK
AGREEMENT TO PROVIDE CONTINUING DISCLOSURE
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
EHS TOWERS LLC-CUNY STUDENT HOUSING PROJECT REVENUE BONDS, SERIES 2021

CITY UNIVERSITY OF NEW YORK

AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
EHS TOWERS LLC-CUNY STUDENT HOUSING PROJECT REVENUE BONDS, SERIES 2021**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of June __, 2021 is executed and delivered by City University of New York (the “Obligated Person”), The Bank of New York Mellon, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC is not obligated hereunder to provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” means a (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and in part the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means The Bank of New York Mellon and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 180 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending June 30, 2021, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“EMMA”) System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 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, Internal Revenue Service notices or events affecting the tax-exempt status of the securities;
 7. Modifications to rights of securities holders, if material;
 8. Bond calls, if material, and tender offers;
 9. Defeasances;
 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 11. Ratings changes;
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
 13. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
 15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
 16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation reflecting financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”
 8. “litigation/enforcement action;”
 9. “change of tender agent, remarketing agent, or other on-going party;”
 10. “derivative or other similar transaction;” and
 11. “other event-based disclosures;”
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
 2. “change in fiscal year/timing of annual disclosure;”
 3. “change in accounting standard;”
 4. “interim/additional financial information/operating data;”
 5. “budget;”
 6. “investment/debt/financial policy;”
 7. “information provided to rating agency, credit/liquidity provider or other third party;”
 8. “consultant reports;” and
 9. “other financial/operating data;”
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

(a) Annual Financial Information with respect to the Obligated Person which shall include (i) operating data and financial information of the type included in the Official Statement for the Bonds as described in “PART 5–CITY UNIVERSITY OF NEW YORK” under the headings “Student Enrollment,” “Annual Financial Information,” “State

Appropriations,” “Support Agreements,” and “Long-Term Debt,” unless such information is included in the Audited Financial Statements of the Obligated Person; together with (ii) a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modifications to rights of the security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and

officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) of this Section 4 and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the

Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any

reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under Section 4 hereof. DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page left intentionally blank]

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

CITY UNIVERSITY OF NEW YORK,
Obligated Person

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): City University of New York
Name of Bond Issue: EHS Towers LLC-CUNY Student Housing Project Revenue Bonds, Series 2021
Date of Issuance: June __, 2021
Date of Official Statement: June __, 2021

Maturity

CUSIP No.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): City University of New York
Name of Bond Issue: EHS Towers LLC-CUNY Student Housing Project Revenue Bonds, Series 2021
Date of Issuance: June __, 2021

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of _____, by and among the Obligated Person, _____, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Obligated Person

cc: Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

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 security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. _____ "Incurrence of a Financial Obligation of the obligated person, if material;" and
17. _____ "Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person reflecting financial difficulties."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of _____ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of _____ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

FORM OF
AGREEMENT TO PROVIDE CONTINUING DISCLOSURE
EHS TOWERS LLC
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
EHS TOWERS LLC-CUNY STUDENT HOUSING PROJECT REVENUE BONDS, SERIES 2021

AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

EHS TOWERS LLC

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
EHS TOWERS LLC-CUNY STUDENT HOUSING PROJECT REVENUE BONDS, SERIES 2021**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of June __, 2021 is executed and delivered by EHS Towers LLC (the “Obligated Person”), The Bank of New York Mellon, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC is not obligated hereunder to provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements, including special purpose financial statements, (if any) relating to the Project for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” means a (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and in part the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means The Bank of New York Mellon and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 180 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending December 31, 2021, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“EMMA”) System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (vii) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 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, Internal Revenue Service notices or events affecting the tax-exempt status of the securities;
 7. Modifications to rights of securities holders, if material;
 8. Bond calls, if material, and tender offers;
 9. Defeasances;
 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 11. Ratings changes;
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
 13. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
 15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
 16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation reflecting financial difficulties.
- (viii) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (ix) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”

8. "litigation/enforcement action;"
 9. "change of tender agent, remarketing agent, or other on-going party;"
 10. "derivative or other similar transaction;" and
 11. "other event-based disclosures;"
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. "quarterly/monthly financial information;"
 2. "change in fiscal year/timing of annual disclosure;"
 3. "change in accounting standard;"
 4. "interim/additional financial information/operating data;"
 5. "budget;"
 6. "investment/debt/financial policy;"
 7. "information provided to rating agency, credit/liquidity provider or other third party;"
 8. "consultant reports;" and
 9. "other financial/operating data;"
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

(a) Annual Financial Information with respect to the Obligated Person which shall include (i) operating data obtained from the Managing Agent and financial information of the type included in the Official Statement for the Bonds as described in "PART 4—THE INSTITUTION" under the heading "Overview of the Project," unless such information is included in the Audited Financial Statements of the Obligated Person; together with (ii) a narrative

explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modifications to rights of the security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental

authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) of this Section 4 and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the

Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any

reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under Section 4 hereof. DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

EHS TOWERS LLC,
Obligated Person

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK MELLON
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): EHS Towers LLC
Name of Bond Issue: EHS Towers LLC-CUNY Student Housing Project Revenue Bonds, Series 2021
Date of Issuance: June __, 2021
Date of Official Statement: June __, 2021

Maturity

CUSIP No.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): EHS Towers LLC
Name of Bond Issue: EHS Towers LLC-CUNY Student Housing Project Revenue Bonds, Series 2021
Date of Issuance: June __, 2021

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of _____, by and among the Obligated Person, _____, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Obligated Person

cc: Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

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 security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. _____ "Incurrence of a Financial Obligation of the obligated person, if material;" and
17. _____ "Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person reflecting financial difficulties."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of _____ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of _____ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Issuer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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Flow of Funds Under Senior Resolution

Under the Senior Resolution, the Senior Revenues (which consist of certain payments required to be made by the Institution under the Senior Loan Agreement, payments by CUNY under the Support Agreement related to the Series 2005 Bonds and other amounts payable to DASNY as a result of the exercise of any of DASNY's rights pursuant to the Senior Loan Agreement or the Leasehold Mortgage from the Institution to DASNY that secures the Institution's obligations to DASNY under the Senior Loan Agreement), other than payments made under the Support Agreement for the Series 2005 Bonds, and any other moneys which, by any of the provisions of the Senior Loan Agreement are to be paid to the Trustee for the Series 2005 Bonds (the "Series 2005 Trustee"), shall, upon receipt by the Series 2005 Trustee, be deposited to the Revenue Fund under the Senior Resolution. The Series 2005 Trustee shall transfer amounts from the Revenue Fund under the Senior Resolution at the times and in the order of priority as follows. The Series 2005 Trustee shall deposit amounts paid to it by CUNY under the Support Agreement for the Series 2005 Bonds directly into the Operating Fund, the Debt Service Fund, the Arbitrage Rebate Fund and the Debt Service Reserve Fund, as applicable, under the Senior Resolution. If the amount at any time is insufficient to make the deposits to any Fund required to be made pursuant to paragraphs (a) – (i) below (including amounts provided under the Support Agreement for the Series 2005 Bonds for deposit in such Funds), the amount to be deposited in such Fund on the succeeding transfer date shall be increased by the amount of such deficiency:

(a) On or before the 20th day of each month, there shall be transferred to the Operating Fund an amount equal to the Operating Expenses (other than the Annual Administrative Fee) for the next ensuing month as set forth in the Operating Budget;

(b) On the date specified by the Authority, there shall be transferred to the Operating Fund the amount specified by the Authority as having been determined in accordance with the Project Management Agreement as required to pay extraordinary Operating Expenses not included in the transfers made pursuant to paragraph (a);

(c) On the date specified by the Authority, there shall be transferred to the Arbitrage Rebate Fund the amount specified by the Authority;

(d) On or before the 20th day of the month preceding each interest payment date, there shall be transferred to the Debt Service Fund an amount equal to the interest payable on the Series 2005 Bonds on such interest payment date or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by the Authority to be payable on such interest payment date;

(e) On or before each December 20, there shall be transferred to the Debt Service Fund an amount equal to one-half (1/2) of the principal amount payable on the Series 2005 Bonds on the next ensuing July 1, whether by maturity or mandatory sinking fund redemption and on or before each June 20 there shall be transferred to the Debt Service Fund the amount necessary to cause the amount on deposit in the Debt Service Fund to be sufficient to pay such principal amount on July 1;

(f) On or before the 20th day of the month preceding each date on which amounts are payable under an Interest Rate Exchange Agreement, there shall be transferred to the Debt Service Fund such amount payable by the Institution under any Interest Rate Exchange Agreement;

(g) On or before each December 20 and June 20, there shall be transferred to the Debt Service Reserve Fund an amount necessary in order to maintain on deposit therein the Debt Service Reserve Requirement for the Series 2005 Bonds or to reimburse pro rata any Facility Provider for any amounts drawn on a Reserve Fund Facility deposited in the Debt Service Reserve Fund for the Series 2005 Bonds;

(h) On or before each December 20 and June 20, there shall be transferred to the Repair and Replacement Reserve Fund an amount equal to one-half (1/2) of the Repair and Replacement Reserve Fund Requirement for such Bond Year plus an amount equal to any prior withdrawals from such Fund pursuant to Section 5.11(2) of the Senior Resolution which have not been previously replenished;

(i) On or before each December 20 and June 20, an amount equal to one-half (1/2) of the Annual Administrative Fee shall be transferred to the Operating Fund;

(j) Subsequent to July 1 but prior to July 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Special Institution Fee;

(k) Subsequent to July 1 but prior to July 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Institution Fee;

(l) Subsequent to July 1 but prior to July 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Managing Agent's Fee;

(m) Subsequent to July 1 but prior to July 20 of each year, there shall be transferred to the Operating Reserve Fund an amount equal to the different between the amount on deposit therein and the Operating Reserve Fund Requirement;

Subsequent to July 1, but prior to July 20 of each year, after making the above transfers the Trustee shall, at the direction of the Authority (i) pay all or a portion of the amounts remaining on deposit in the Revenue Fund to CUNY for use for purposes relating to the Project, (ii) transfer all or a portion of such amounts to the Operating Reserve Fund, or (iii) retain all or a portion of such amounts in the Revenue Fund.

If amounts on deposit in the Revenue Fund are insufficient to make all of the transfers required by paragraphs (a)-(m) above, the Trustee shall immediately notify the Authority, CUNY, the Insurer for the Series 2005 Bonds and the Institution.