

NEW ISSUE



\$96,895,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY
REVENUE BONDS, SERIES 2008A
Consisting of:
\$48,610,000 Fordham University Revenue Bonds, Series 2008A-1 CUSIP Number* 649903 C25
\$48,285,000 Fordham University Revenue Bonds, Series 2008A-2 CUSIP Number* 649903 C33
Dated: Date of Delivery Price: 100% Due: July 1, 2032

Payment and Security: The Fordham University Revenue Bonds, Series 2008A-1 (the “Series 2008A-1 Bonds”) and the Fordham University Revenue Bonds, Series 2008A-2 (the “Series 2008A-2 Bonds”; together with the Series 2008A-1 Bonds, the “Series 2008A Bonds”) are special obligations of the Dormitory Authority of the State of New York (the “Authority”) payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the “Loan Agreement”), dated as of March 26, 2008, between Fordham University (the “University”) and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund, the Purchase and Remarketing Fund and the Credit Facility Repayment Fund) authorized under the Authority’s Fordham University Revenue Bond Resolution, adopted March 26, 2008 (the “Resolution”), and established under the Series Resolution authorizing the Series 2008A Bonds, adopted March 26, 2008 (the “Series 2008A Resolution”; together with the Resolution, the “Resolutions”).

The Series 2008A Bonds will be additionally secured by an irrevocable direct pay letter of credit (the “Letter of Credit”) issued by



acting through its New York Branch (the “Bank”), held by The Bank of New York, as trustee and tender agent (the “Trustee”). The Letter of Credit securing the Series 2008A Bonds provides for payment of an amount not to exceed the principal of and up to 48 days’ interest on the Series 2008A Bonds, at a maximum rate of 12% per annum, and the Purchase Price of Series 2008A Bonds tendered for purchase and not remarketed as described herein. The Letter of Credit will expire on May 21, 2011, unless terminated or extended prior to such date, in accordance with its terms. The University and the Bank will enter into a Letter of Credit Reimbursement Agreement, dated as of May 1, 2008 (the “Reimbursement Agreement”), providing for reimbursement to the Bank of amounts drawn under the Letter of Credit. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008A BONDS - The Letter of Credit.”

The Loan Agreement is a general obligation of the University and requires the University to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, Redemption Price and Purchase price of and interest on the Series 2008A Bonds. The obligations of the University under the Loan Agreement are secured by a pledge of certain revenues of the University. The Authority’s interest in the Loan Agreement will be assigned to the Trustee for the benefit of the Bondholders and to the Bank to secure the University’s obligations under the Reimbursement Agreement.

The Series 2008A Bonds will not be a debt of the State of New York (the “State”) and the State will not be liable on the Series 2008A Bonds. The Authority has no taxing power.

Description: The Series 2008A Bonds will be initially issued as fully registered Variable Interest Rate Bonds in the Weekly Rate Mode in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. For the Initial Period from and including the date of delivery of the Series 2008A Bonds to and including May 28, 2008, the interest rate on the Series 2008A Bonds will be determined on or about the Business Day immediately preceding such date of delivery. Thereafter, the interest rate for each Weekly Rate Period (generally commencing on each Thursday to and including the following Wednesday) will be determined on each Wednesday, commencing May 28, 2008, by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Remarketing Agent (the “Remarketing Agent”). Interest on the Series 2008A Bonds will be payable on the first Business Day of each month, commencing June 2, 2008. The Series 2008A Bonds, while in the Weekly Rate Mode, are subject to tender at the option of the Holder and to mandatory tender for purchase under certain circumstances, as described herein. The interest rate on all or a portion of the Series 2008A Bonds may be converted from time to time to a Daily Rate, a Commercial Paper Rate, an R-FLOATs Rate, a Term Rate, a Fixed Rate or an Auction Rate. **This Official Statement, in general, describes the Series 2008A Bonds only during the Weekly Rate Mode.**

The Series 2008A 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 2008A Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2008A Bonds, payments of the principal and Redemption Price of and interest on such Series 2008A 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 2008A BONDS - Book-Entry Only System” herein.

Redemption and Purchase: The Series 2008A Bonds are subject to redemption or purchase prior to maturity as more fully described herein.

Tax Exemption: In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) assuming compliance with certain covenants and the accuracy of certain representations, interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2008A Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Series 2008A Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see “PART 11 - TAX MATTERS” herein.

The Series 2008A Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2008A Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York, and by its General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York. Certain legal matters will be passed upon for the Bank by its counsel, Windels Marx Lane & Mittendorf, LLP, New York, New York, and Eugene F. Collins, Esq., Irish Counsel. The Authority expects to deliver the Series 2008A Bonds in definitive form in New York, New York, on or about May 21, 2008.

Merrill Lynch & Co.

May 12, 2008

*See inside cover

CUSIP numbers have been assigned by an organization not affiliated with the Authority or the University and are included solely for the convenience of the holders of the Series 2008A Bonds. Neither the Authority nor the University is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2008A Bonds or as indicated above. The CUSIP number for a specific Sub-Series is subject to being changed after the issuance of the Series 2008A Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such Sub-Series 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 a certain Sub-Series of the Series 2008A Bonds. CUSIP® is a registered trademark of the American Bankers Association.

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No dealer, broker, salesperson or other person has been authorized by the Authority, the University, the Bank or the Underwriter to give any information or to make any representations with respect to the Series 2008A Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the University, the Bank 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 2008A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriter has provided the following sentence for inclusion in this Official Statement. 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.

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

The University has reviewed the parts of this Official Statement describing the University, the Refunding Plan, the Estimated Sources and Uses of Funds, Principal and Interest Requirements and Appendix B. As a condition to delivery of the Series 2008A Bonds, the University will certify that, as of the date of this Official Statement and as of the date of delivery of the Series 2008A Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The University makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The Bank has reviewed the parts of this Official Statement describing the Letter of Credit, the Reimbursement Agreement and the Bank. As a condition to the delivery of the Series 2008A Bonds, the Bank will certify that, as of the date of this Official Statement and as of the date of delivery of the Series 2008A Bonds, such parts are true and correct in all material respects; provided, however, that the financial information relating to the Bank fairly presents the financial condition of the Bank only as of the dates and for the periods indicated and, to the best knowledge of the Bank, there has been no material adverse change in the financial condition, taken as a whole, of the Bank since such dates. The Bank makes no representations as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2008A Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit do not purport to be complete. Refer to the Act, the Resolution, the Series 2008A Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit for full and complete details of their provisions. Copies of the Resolution, the Series 2008A Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit are on file with the Authority and the Trustee.

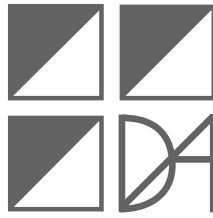
The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2008A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2008A 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
DAVID D. BROWN, IV - EXECUTIVE DIRECTOR

515 BROADWAY, ALBANY, N.Y. 12207
GAIL GORDON, ESQ. - CHAIR

OFFICIAL STATEMENT RELATING TO
\$96,895,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY
REVENUE BONDS, SERIES 2008A
Consisting of:
\$48,610,000 Fordham University Revenue Bonds, Series 2008A-1
\$48,285,000 Fordham University Revenue Bonds, Series 2008A-2

PART 1 - INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority, the Bank and the University in connection with the offering by the Authority of \$48,610,000 aggregate principal amount of its Fordham University Revenue Bonds, Series 2008A-1 (the "Series 2008A-1 Bonds") and \$48,285,000 aggregate principal amount of its Fordham University Revenue Bonds, Series 2008A-2 (the "Series 2008A-2 Bonds"; together with the Series 2008A-1 Bonds, the "Series 2008A Bonds").

The following is a brief description of certain information concerning the Series 2008A Bonds, the Authority, the Bank and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2008A 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 2008A Bonds are being issued (i) to refund the Authority's Fordham University Insured Revenue Bonds, Series 2005A (the "Refunded Bonds") and (ii) to pay the Costs of Issuance of the Series 2008A Bonds. See "PART 4 - ESTIMATED SOURCES AND USES OF FUNDS" and "PART 5 - THE REFUNDING PLAN."

Authorization of Issuance

The Series 2008A Bonds will be issued pursuant to the Resolution, the Series 2008A Resolution and the Act. In addition to the Series 2008A Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay other costs of one or more projects, to pay the costs of issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the University. Each Series of Bonds will be separately secured from each other Series of Bonds. None of the funds and accounts established under any Series Resolution will secure any other Series of Bonds. The Loan Agreement and Mortgage, if any, with respect to one Series of Bonds will not secure any other Series of Bonds, except as otherwise provided in the Resolution. The Resolution permits the establishment of a Debt Service Reserve Fund in connection with one or more Series of Bonds, which secures only such Series of Bonds. There is no Mortgage or Debt Service Reserve Fund securing the Series 2008A Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution. The Series 2008A-1 Bonds and the Series 2008A-2 Bonds are considered one Series of Bonds under the Resolution.

The Series 2008A Bonds

The Series 2008A Bonds will be initially issued as Variable Interest Rate Bonds bearing interest in the Weekly Rate Mode, dated their date of delivery. Interest on the Series 2008A Bonds in the Weekly Rate Mode is payable on the first Business Day of each month. For the period from and including the date of delivery of the Series 2008A Bonds to and including the last day of the Initial Period described on the cover page, the interest rate on the Series 2008A Bonds will be determined on or about the Business Day immediately preceding such date of delivery and thereafter will be determined by the Remarketing Agent on each Reset Date (generally each Wednesday) for the succeeding Weekly Rate Period (generally commencing each Thursday to and including the following Wednesday) as the minimum annual rate of interest that, in the judgment of the Remarketing Agent, having due regard for prevailing financial market conditions, enables such Series 2008A Bonds to be sold at a price of par (plus accrued interest, if any) on the first day of the applicable Weekly Rate Period. In no event may the interest rate on any Series 2008A Bond for any Weekly Rate Period exceed the maximum rate permitted by law or (other than Pledged Bonds) the Maximum Rate. See “PART 3 - THE SERIES 2008A BONDS - Description of the Series 2008A Bonds.”

The Series 2008A Bonds are subject to mandatory tender on a Conversion Date, the expiration of the Letter of Credit, the delivery of a Substitute Credit Facility and upon an Event of Default under the Reimbursement Agreement (and election by the Bank to effect a mandatory tender in connection therewith). While the Series 2008A Bonds bear interest at the Weekly Rate, Bondholders will have the right to tender the Series 2008A Bonds (or portion thereof under certain circumstances) as described herein. See “PART 3 — THE SERIES 2008A BONDS — Tender of the Series 2008A Bonds.”

The interest rate on all or a portion of the Series 2008A Bonds may be converted from time to time to a Daily Rate, a Commercial Paper Rate, an R-FLOATs Rate, a Term Rate, a Fixed Rate or an Auction Rate, which conversion would cause a mandatory tender of such Series 2008A Bonds. This Official Statement, in general, describes the Series 2008A Bonds only during the Weekly Rate Mode.

Payment of the Series 2008A Bonds

The Series 2008A Bonds will be special obligations of the Authority payable solely from certain payments to be made by the Bank under the Letter of Credit and, if such moneys are insufficient, the Revenues, which consist of certain payments to be made by the University under the Loan Agreement. The Loan Agreement is a general obligation of the University. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008A BONDS - Payment of the Series 2008A Bonds.”

Security for the Series 2008A Bonds

Each Series of Bonds issued under the Resolution, including the Series 2008A Bonds, will be separately secured from each other Series of Bonds. The Series 2008A Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues, subject to the Prior Pledges, granted by the University to the Authority under the Loan Agreement.

The Series 2008A Bonds will also be secured by all funds and accounts established under the Resolution and the Series 2008A Resolution (with the exception of the Arbitrage Rebate Fund, the Purchase and Remarketing Fund and the Credit Facility Repayment Fund). The Authority will assign its interest in the Loan Agreement to the Trustee for the benefit of the Bondholders and to the Bank to secure the University's payment obligations under the Reimbursement Agreement. The respective rights of the Authority, the Trustee and the Bank will be governed by the provisions of the Intercreditor Agreement. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008A BONDS - Security for the Series 2008A Bonds" and "PART 7 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Outstanding Indebtedness and Other Obligations."

The Letter of Credit

Pursuant to the Letter of Credit Reimbursement Agreement, dated as of May 1, 2008, between the University and the Bank (the "Reimbursement Agreement"), the Bank will deliver an irrevocable direct pay letter of credit (the "Letter of Credit"), dated the date of the Series 2008A Bonds, pursuant to which the Bank will be obligated, subject to the terms and conditions of the Letter of Credit, to pay, when due, an amount not to exceed the principal of and up to 48 days' interest on the Series 2008A Bonds, at a maximum rate of 12% per annum, and the Purchase Price of such Bonds tendered for purchase pursuant to the Resolutions and the Bond Series Certificate but not remarketed. The Letter of Credit will expire on May 21, 2011 unless renewed, extended or terminated pursuant thereto. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008A BONDS – The Letter of Credit."

The University

The University is an independent, coeducational, nonsectarian, not-for-profit, institution of higher education chartered by the Legislature of the State. The main campuses of the University are located in the Bronx, New York, at Lincoln Center in mid-town Manhattan and in Westchester, New York. See "PART 7 - THE UNIVERSITY" and "Appendix B - Financial Statements of Fordham University and Independent Auditors' Report."

The Authority

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

The Refunding Plan

A portion of the proceeds of the Series 2008A Bonds will be used to refund the Refunded Bonds. See "PART 5 - THE REFUNDING PLAN."

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008A BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2008A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolutions, the Bond Series Certificate, the Reimbursement Agreement, the Intercreditor Agreement and the

Letter of Credit. Copies of the Loan Agreement, the Resolutions, the Bond Series Certificate, the Reimbursement Agreement, the Intercreditor Agreement and the Letter of Credit are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement," "Appendix D - Summary of Certain Provisions of the Resolutions and Bond Series Certificate" and "Appendix E - Summary of Certain Provisions of the Reimbursement Agreement" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2008A Bonds

The Series 2008A Bonds will be special obligations of the Authority payable from proceeds received by the Trustee from drawings under the Letter of Credit and, if such amounts are insufficient, from the Revenues. The Revenues consist of the payments required to be made by the University under the Loan Agreement on account of the principal, Sinking Fund Installments and Purchase Price of and interest on the Series 2008A Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2008A Bonds.

Payments of principal and interest on the Series 2008A Bonds are expected to be made from funds drawn under the Letter of Credit and payments of the Purchase Price of Tendered Bonds are to be made from remarketing proceeds or, if the remarketing proceeds are inadequate, from funds drawn on the Letter of Credit.

The Loan Agreement is a general obligation of the University and obligates the University to make payments to satisfy the principal, Sinking Fund Installments and Purchase Price of and interest on Outstanding Series 2008A Bonds. Generally, such payments are to be made monthly on the 10th day of each month. Each payment is to be equal to a proportionate share of the principal and Sinking Fund Installments coming due on the next succeeding July 1, as well as an estimated amount of the interest coming due on the Interest Payment Date during the next succeeding month on account of the Series 2008A Bonds. The Loan Agreement also obligates the University to make payments sufficient to pay, at least 45 days prior to a redemption date of Series 2008A Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Bonds. See "PART 3 - THE SERIES 2008A BONDS - Redemption and Purchase in Lieu of Redemption Provisions."

The Authority has directed the University, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to repay the Bank with respect to draws under the Letter of Credit or, if such amounts drawn under the Letter of Credit are insufficient to pay Bondholders, the payment of the principal of and interest on the Series 2008A Bonds.

Security for the Series 2008A Bonds

The Series 2008A Bonds will be secured by the payments described above to be made under the Letter of Credit, the Revenues and all funds and accounts authorized under the Resolution and established under the Series 2008A Resolution (with the exception of the Arbitrage Rebate Fund, the Purchase and Remarketing Fund and the Credit Facility Repayment Fund) and the security interest in the Pledged Revenues, subject to the Prior Pledges. Each Series of Bonds issued under the Resolution, including the Series 2008A Bonds, will be separately secured from each other Series. See "Appendix D - Summary of Certain Provisions of the Resolutions and Bond Series Certificate."

As security for its obligations under the Loan Agreement, the University has granted to the Authority a security interest in the Pledged Revenues, subject to the Prior Pledges, consisting of, during any year, an aggregate amount of tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof by the University equal to the maximum annual debt service on the then Outstanding Series 2008A Bonds. For the fiscal year ended June 30, 2007, the University reported net tuition and fees revenue of \$273,465,815. The Authority has pledged and assigned to the Trustee for the benefit of the Holders of the Series 2008A Bonds its interest in the Loan Agreement and its security interest in the Pledged Revenues and to the Bank its interest in the Loan Agreement to secure the University's payment obligations under the Reimbursement Agreement. The respective rights of the Authority, the Trustee and the Bank will be governed

by the provisions of the Intercreditor Agreement. See “PART 7 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Financial Statement Information” and “ - Outstanding Indebtedness and Other Obligations.”

In addition, as described above, the payment of the principal, Sinking Fund Installments, Purchase Price and 48 days’ interest at a maximum rate of 12% on the Series 2008A Bonds will be secured by and payable from amounts to be drawn under the Letter of Credit. Upon compliance with the provisions of the Resolutions and the Bond Series Certificate, a Substitute Credit Facility may be issued in substitution for the Letter of Credit.

The Letter of Credit

The following description is subject in all respect to the complete terms of the Letter of Credit, to which reference is made.

The Letter of Credit will be issued by the Bank in an amount not exceeding \$98,424,083, as reduced or reinstated from time to time in accordance with the terms of the Letter of Credit (the “Available Amount”) of which (i) an amount not exceeding \$96,895,000 may be drawn upon with request to the payment of principal or the principal component of the Purchase Price of the Series 2008A Bonds, and (ii) an amount not exceeding \$1,529,083 may be drawn upon request with respect to the payment of up to 48 days’ accrued interest on or the interest component of the Purchase Price of the Series 2008A Bonds, computed at an assumed maximum interest rate of 12% annum, without premium.

Subject to the provisions contained in the immediately following paragraph, each drawing for principal or the portion of Purchase Price corresponding to principal on the Series 2008A Bonds shall *pro tanto* reduce the principal component, and each drawing for interest on the Series 2008A Bonds shall *pro tanto* reduce the interest component, and any such reduction shall result in a corresponding reduction in the Available Amount.

After a drawing for the principal component of the Purchase Price of the Series 2008A Bonds upon an optional tender of the Series 2008A Bonds, the principal component shall be reinstated when and to the extent, but only when and to the extent, the Bank is reimbursed by or on behalf of the University for the full payment in respect of such drawing. After a drawing for the interest component of the Purchase Price of the Series 2008A Bonds upon an optional tender of the Series 2008A Bonds, the interest component shall be reinstated the earlier to occur of (i) the beginning of the tenth (10th) calendar day after the Bank’s honoring of such draw unless the Trustee shall have received a certificate from the Bank by the close of business on the ninth (9th) calendar day following the date on which the draft is honored that such amount is not so reinstated because the Bank has not been reimbursed in full for any such drawing and (ii) when and to the extent, but only when and to the extent, the Bank is reimbursed by or on behalf of the University for the full payment in respect of such drawing. With respect to a drawing for interest made in respect of interest payable on an Interest Payment Date as a scheduled periodic payment of interest on the Series 2008A Bonds, if the Trustee shall not have received, within ten (10) calendar days after any payment in respect of such drawing, notice from the Bank to the effect that the Letter of Credit will not be reinstated as of the date thereof, then the interest component will automatically be reinstated as of the close of business on such ninth (9th) calendar day to an amount equal to 48 days’ accrued interest (computed at the maximum rate of interest of 12% of the basis of a 365/366-day year) on the then applicable principal component. The principal component and interest component shall not be reinstated for any drawing made with respect to a redemption or mandatory tender.

The Letter of Credit will terminate upon the earliest to occur of (i) 4:00 p.m. (New York City time) on May 21, 2011, unless extended; (ii) the date on which the Bank receives a fully executed certificate in the form set forth in the Letter of Credit, which states that (x) no Series 2008A Bonds remain outstanding within the meaning of the Reimbursement Agreement, (y) all drawings required to be made under the Reimbursement Agreement and available under the Letter of Credit have been made and honored, or (z) a substitute letter of credit has been issued to replace the Letter of Credit pursuant to the Resolution and Bond Series Certificate and, accordingly, the Letter of Credit shall be terminated in accordance with its terms; (iii) the date on which

the Bank honors a fully executed certificate in the form set forth in the Letter of Credit in connection with a mandatory or optional redemption of all of the Series 2008A Bonds (other than for a drawing presented to the Bank pursuant to clause (iv) below); (iv) the date which is ten (10) Business Days following receipt by the Trustee of a fully executed certificate in the form set forth in the Letter of Credit, which states that an Event of Default has occurred under the Reimbursement Agreement and directs the Trustee to accelerate or call a mandatory tender of the Series 2008A Bonds; or (v) the date on which the Bank honors a drawing pursuant to a certificate in the form set forth in the Letter of Credit in connection with the maturing principal amount, whether by acceleration, defeasance or stated maturity of all of the Series 2008A Bonds.

The Reimbursement Agreement

The Letter of Credit is being issued pursuant to the Reimbursement Agreement, under which the University will be obligated, among other things, to reimburse the Bank for each drawing under the Letter of Credit.

The Reimbursement Agreement establishes various representations, warranties and covenants of the University and establishes various events of default thereunder. The occurrence of an event on default under the Reimbursement Agreement will allow the Bank to terminate the Letter of Credit in accordance with its terms. See "Appendix E - Summary of Certain Provisions of the Reimbursement Agreement." Receipt of such a notice by the Trustee will subject the Series 2008A Bonds to acceleration or mandatory tender at a Purchase Price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the Purchase Date. See "PART 3 - THE SERIES 2008A BONDS - Tender of the Series 2008A Bonds."

The terms of the Reimbursement Agreement and certain related documents may be modified, amended or supplemented by the Bank and the University from time to time without giving notice to or obtaining the consent of the Bondholders. Any amendment, modification or supplement to the Reimbursement Agreement may contain amendments or modifications to the covenants of the University or additional covenants of the University and these amended or modified covenants may be more or less restrictive than those in effect at the date of issuance of the Series 2008A Bonds.

Substitute Credit Facility

The Authority may replace the Letter of Credit with a Substitute Credit Facility for all or a portion of the Series 2008A Bonds upon written notice to the Bank, or the University may, at any time, at its option with the prior written consent of the Authority and upon written notice to the Bank, deliver or cause to be delivered to the Trustee a Substitute Credit Facility provided by the University.

The replacement of the Letter of Credit with a Substitute Credit Facility will cause a mandatory tender of the applicable Series 2008A Bonds. In no event shall the Letter of Credit be surrendered to the Bank upon delivery of a Substitute Credit Facility until a drawing to pay the Purchase Price of such Series 2008A Bonds tendered for purchase and not remarketed has been honored by the Bank and the Bank certifies that the University has complied with the requirements of the Letter of Credit and the Reimbursement Agreement. No such Substitute Credit Facility shall be or become effective unless it meets the requirements set forth in the Bond Series Certificate.

Events of Default and Acceleration

The following are events of default under the Resolutions: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Series 2008A Bond; (ii) a default by the Authority in the payment of interest on any Series 2008A Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2008A Resolution to comply with the provisions of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) a default by the Authority in the due and punctual performance of any other covenants, conditions, agreements or provisions contained in the Series 2008A Bonds or in the Resolution or in the Series 2008A Resolution which continues for 30 days after written notice

thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Series 2008A Bonds), or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within thirty (30) days and diligently prosecute the cure thereof; or (v) the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2008A Bonds, shall declare the principal of and interest on all the Outstanding Series 2008A Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest will become due and payable. At any time after the principal of the Series 2008A Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2008A Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the University, as soon as practicable, and to the Bank within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2008A Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2008A Bonds.

Bank Consent Rights

If no Credit Facility Issuer Default is occurring, the Bank, and not the actual Holders of the Series 2008A Bonds, shall be deemed to be the Holder of the Series 2008A Bonds for the purpose of exercising any right of power, consenting to an amendment, modification or waiver, or requesting or directing the Trustee to take or not to take any action under the Resolutions and the Bonds Series Certificate; provided, however, that such consent rights of the Bank shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Series 2008A Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Series 2008A Bonds the consent of the Holders of which is required to effect any such modification or amendment.

The Intercreditor Agreement

The Intercreditor Agreement provides that in order to secure the obligations of the Authority under the Resolutions and to secure the payment of all amounts due and owing by the Authority to the Holders of the Bonds and in order to secure the obligations of the University to the Bank under the Reimbursement Agreement, the Authority will assign to the Trustee and the Bank all of its right, title and interest in the Loan Agreement (subject to certain reserved rights). As long as the Letter of Credit is in effect and no event has occurred which would limit the Bank's rights under the Intercreditor Agreement, the Bank shall have the sole right (subject to certain reserved rights) to pursue (or, at its option, to direct the Trustee to pursue to the extent permitted by the Loan Agreement or the Reimbursement Agreement) remedies pursuant to the Loan Agreement or the Reimbursement Agreement.

Issuance of Additional Bonds

In addition to the Series 2008A Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more Projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the University. The Bonds which may be issued include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. Each Series of Bonds issued under the Resolution will be separately secured from each other Series of Bonds. The Resolution permits the establishment of a Debt Service Reserve Fund in connection with one or more Series of Bonds, which secures only such Series of Bonds. There is no Debt Service Reserve Fund for the Series 2008A Bonds.

There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2008A Bonds, nor is there any limit on the amount of additional bonds which may be issued on behalf of the University under other bond resolutions adopted from time to time by the Authority. See "PART 7 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Capital Plan" for information regarding an anticipated issuance of additional bonds by the Authority on behalf of the University.

General

The Series 2008A Bonds will not be a debt of the State and the State will not be liable on the Series 2008A Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See "PART 8 - THE AUTHORITY."

PART 3 - THE SERIES 2008A BONDS

Description of the Series 2008A Bonds

The Series 2008A Bonds will be issued pursuant to the Act, the Resolution and the Series 2008A Resolution.

The Series 2008A Bonds will be dated their date of delivery and will initially be issued as Variable Interest Rate Bonds in the Weekly Rate Mode. The interest rate on the Series 2008A-1 Bonds and the Series 2008A-2 Bonds for the Initial Period, commencing on and including the date of delivery of the Series 2008A Bonds and ending on and including the date specified on the cover page, is to be determined on or about the Business Day immediately preceding the date of delivery of the Series 2008A Bonds.

After the Initial Period, each succeeding Weekly Rate Period will be a seven-day period, subject to certain exceptions, unless and until the Series 2008A Bonds are converted to a different Rate Mode. Each Weekly Rate Period will begin on and include Thursday of a calendar week and extend to and include the next succeeding Wednesday. Interest on the Series 2008A Bonds will be payable on June 2, 2008 and on each Interest Payment Date thereafter. The Series 2008A Bonds will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Interest on the Series 2008A Bonds shall be calculated on the basis of a three hundred sixty-five (365) or three hundred sixty-six (366) day year, as applicable, for the actual number of days elapsed to the Interest Payment Date.

The interest rates on the Series 2008A Bonds for each Weekly Rate Period after the Initial Period shall be equal to the Weekly Rates set by the Remarketing Agent on each Reset Date. The first Reset Date for the Series 2008A Bonds shall occur on May 28, 2008 and each Reset Date thereafter will be on each Wednesday thereafter or, if such day is not a Business Day, the immediately preceding Business Day. Each Weekly Rate so determined by the Remarketing Agent shall be the rate of interest that, if borne by such Series 2008A Bonds for such Weekly Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as the Series 2008A Bonds and which are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates of the Series

2008A Bonds, would be the lowest interest rate that would enable the Series 2008A Bonds to be sold on the first day of the applicable Weekly Rate Period at a price of par, plus accrued interest, if any.

If for any reason (i) the Weekly Rate for a Weekly Rate Period is not established as aforesaid, (ii) no Remarketing Agent shall be serving under the Bond Series Certificate, (iii) the Rate so established is held to be invalid or unenforceable with respect to a Weekly Rate Period or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Weekly Rate, then the Weekly Rate for such Weekly Rate Period shall be the SIFMA Municipal Index on the date such Weekly Rate was to have been determined by the Remarketing Agent. In no event may the interest rate on any Series 2008A Bond for any Weekly Rate Period exceed the maximum rate permitted by law or the Maximum Rate (other than Pledged Bonds).

This Official Statement, in general, describes the Series 2008A Bonds only during the Weekly Rate Mode.

The method for determining the interest rate on all or a portion of the Series 2008A Bonds may be converted from time to time to a Daily Rate, a Commercial Paper Rate, an R-FLOATs Rate, a Term Rate, a Fixed Rate or an Auction Rate.

The Series 2008A Bonds will be issued as fully registered bonds and 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 2008A Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2008A Bonds, the Series 2008A Bonds will be exchangeable for other fully registered Series 2008A 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 Resolution. See "Book-Entry Only System" herein and "Appendix D - Summary of Certain Provisions of the Resolutions and Bond Series Certificate."

Interest on the Series 2008A Bonds will be payable by check mailed to the registered owners thereof. The principal or redemption price of the Series 2008A 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, New York, New York, the Trustee and Paying Agent. As long as the Series 2008A 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.

For a more complete description of the Series 2008A Bonds, see "Appendix D - Summary of Certain Provisions of the Resolutions and Bond Series Certificate."

Conversion to Other Rate Modes

The Authority, at the direction of the University, may, by written direction to the Remarketing Agent, the Trustee, the Tender Agent, the Bank, and each Rating Service maintaining a rating on the Series 2008A Bonds, elect that all or a portion of the Series 2008A Bonds be converted from the Weekly Rate Mode to a Daily Rate Mode, an R-FLOATs Rate Mode, an Auction Rate Mode, a Commercial Paper Rate Mode, a Term Rate Mode or a Fixed Rate Mode. Upon such direction, the Authority shall, not less than 15 days prior to any Conversion Date (or a shorter period if the Depository permits), deliver a written notice specifying (A) the Series 2008A Bonds to be converted, (B) the Conversion Date or Conversion Dates, and (C) the Rate Mode or Rate Modes that will be effective upon such Conversion. At the time of a conversion from the Weekly Rate Mode to a different Rate Mode, the Series 2008A Bonds to be converted are subject to mandatory tender for purchase at the Purchase Price as described herein. See "Appendix D – Summary of Certain Provisions of the Resolutions and the Bond Series Certificate."

The Bond Series Certificate provides that no conversion of a Rate Mode will occur thereunder unless (i) on the Conversion Date no event of default under the Resolution has occurred and is continuing, (ii) the Authority receives an opinion from Bond Counsel with respect to the proposed conversion, and (iii) such other requirements as are set forth in the Bond Series Certificate.

In the event the requirements described in the preceding sentence are not met, or the Remarketing Agent notifies the Trustee, the Authority, the University and the Bank, that the Series 2008A Bonds to be converted cannot be remarketed, or the Authority notifies the Remarketing Agent, the Bank and the Trustee in writing that it does not want the Series 2008A Bonds to be converted to a new Rate Mode, the succeeding Rate Mode shall be the Weekly Rate Mode and the Rate thereon shall be calculated without regard to the proposed conversion.

Tender of the Series 2008A Bonds

Optional Tender of Book-Entry Bonds. For so long as a Series 2008A Bond bears interest in a Weekly Rate Mode during which such Series 2008A Bond is a Book-Entry Bond, a Direct Participant, acting on behalf of a Beneficial Owner, shall have the right to tender all or any portion, in an Authorized Denomination, of the principal amount of such Beneficial Owner's interest in any Series 2008A Bond for purchase on any Optional Tender Date, by giving or delivering to the Remarketing Agent and the Tender Agent at their respective principal offices a Tender Notice stating (i) the aggregate principal amount in an Authorized Denomination of each Series 2008A Bond or portion thereof to be purchased, and (ii) that such principal amount of the Series 2008A Bond (in an Authorized Denomination) must be purchased on such Optional Tender Date pursuant to the Bond Series Certificate. Optional Tender Date means any Business Day while the Series 2008A Bonds bear interest in the Weekly Rate Mode.

Such Tender Notice must be delivered in the case of Series 2008A Bonds bearing interest a Weekly Rate, not later than 5:00 P.M., New York City time, on the seventh Business Day prior to the Optional Tender Date.

Any Tender Notice so given or delivered shall be irrevocable and shall be binding on the Direct Participant, the Beneficial Owner on whose behalf such notice was given and any transferee of such Beneficial Owner. The principal amount of the Series 2008A Bonds for which a Tender Notice has been given or delivered shall be deemed tendered on the Optional Tender Date without presentation or surrender of the Series 2008A Bonds to the Tender Agent. If there is on deposit with the Tender Agent on the Optional Tender Date an amount sufficient to pay the Purchase Price of the aggregate principal amount of Series 2008A Bonds to be tendered on such Optional Tender Date pursuant to a Tender Notice given pursuant to the Bond Series Certificate, ownership of such aggregate principal amount of Series 2008A Bonds shall be recorded in the records of DTC as transferred to the Remarketing Agent.

Mandatory Tenders. The Series 2008A Bonds in the Weekly Rate Mode are subject to mandatory tender and purchase at the Purchase Price on the following dates:

- (i) on each Conversion Date;
- (ii) on a date that is not less than three Business Days prior to the Expiration Date of the Letter of Credit, which Letter of Credit will be drawn upon to pay the Purchase Price of Tendered Bonds (or if such day is not a Business Day, on the immediately preceding Business Day), unless such Letter of Credit has been extended at least 20 days prior to such expiration date (or the Letter of Credit is no longer required pursuant to and in accordance with the Bond Series Certificate, which event is covered by (iii) below);
- (iii) on the effective date of a Substitute Credit Facility delivered with respect to a Series 2008A Bond (or if such day is not a Business Day, on the immediately preceding Business Day); provided, however, the Letter of Credit shall be drawn upon to pay the Purchase Price of Tendered Bonds that have not been remarketed; and
- (iv) on the date specified in a notice delivered by the Bank or its agent to the Trustee, the Remarketing Agent and the Authority stating that:

(A) an Event of Default has occurred under the Reimbursement Agreement or there has not been a reinstatement of a draw on the Letter of Credit (other than a draw relating to a permanent reduction of the stated amount of the Letter of Credit),

(B) the Bank has elected to require a mandatory tender of the Series 2008A Bonds as provided in the Reimbursement Agreement, and

(C) the mandatory tender will occur on a date set forth in the notice, which may not be more than two Business Days after the receipt by the Trustee, the Remarketing Agent and the Authority of such notice.

Notices of Mandatory Tenders. The Tender Agent will give notice of the mandatory tender to the Remarketing Agent and the Depository:

(i) when the Series 2008A Bonds are to be tendered for purchase on Conversion to a new Rate Mode, not more than three Business Days after the Conversion Notice is received;

(ii) when Series 2008A Bonds are to be tendered for purchase on the Expiration Date of Letter of Credit or in connection with the delivery of a Substitute Credit Facility, not less than five Business Days prior to the earlier of the Expiration Date of the Letter of Credit or the effective date of the Substitute Credit Facility; and

(iii) when Series 2008A Bonds are to be tendered for purchase at the direction of the Bank, not less than one Business Day prior to the date of the mandatory tender specified by the Bank.

If the Series 2008A Bonds are not held by a Depository, notices will be sent by first class mail to the Holders of the Series 2008A Bonds.

Tendered and Deemed Tendered Bonds. If a Bondholder fails to deliver to the Tender Agent, on or before the applicable Tender Date, all or any portion of a Series 2008A Bond subject to mandatory tender for purchase or any Series 2008A Bond, other than a Book Entry Bond, for which an election to tender has been duly made, such Series 2008A Bond (or portion thereof in an Authorized Denomination) shall be deemed to have been properly tendered to the Tender Agent. To the extent that there is on deposit with the Tender Agent on the purchase date thereof an amount sufficient to pay the Purchase Price of the Tendered Bonds, such Tendered Bonds will cease to constitute or represent a right to payment of principal or interest thereon and will constitute and represent only the right to the payment of the Purchase Price payable on such date. The foregoing shall not limit the right of any person who on a Record Date is the Holder of a Series 2008A Bond to receipt of interest, if any, due thereon on the date such Series 2008A Bond is required to be purchased.

Purchase of Tendered Bonds. On each Tender Date the Tendered Bonds shall be purchased at the applicable Purchase Price on the Tender Date. The Purchase Price for the Tendered Bonds shall be paid by the Tender Agent from and in following order of priority: the proceeds of remarketing of the Tendered Bonds; amounts drawn on the Letter of Credit or certain other available moneys, if any, under the Bond Series Certificate. No Tendered Bond so purchased with moneys made available by the Bank shall cease to be Outstanding solely by reason of the purchase thereof.

Remarketing of Series 2008A Bonds. Upon receipt of any notice given pursuant to the Bond Series Certificate that any Series 2008A Bonds will be or are required to be tendered for purchase, the Remarketing Agent shall use its best efforts to remarket such Tendered Bond on its Tender Date at a price equal to the Purchase Price.

Notwithstanding any other provision of the Series 2008A Resolution or the Bond Series Certificate to the contrary, so long as any Series 2008A Bond is registered in the name of Cede & Co, as nominee of DTC, all payments with respect to principal, redemption price or Purchase Price of, and interest on, all deliveries to

be made and all notices to be delivered with respect to such Series 2008A Bond shall be made and given pursuant to DTC's rules and procedures then in effect.

Limitations on Remarketings. Remarketing of the Series 2008A Bonds is subject to the following limitations:

(i) The Remarketing Agent shall not, during any period during which the Letter of Credit is in effect, remarket Tendered Bonds if:

(A) upon such remarketing the amount available to be drawn under the Letter of Credit for the payment of the principal or Purchase Price of the Outstanding Series 2008A Bonds is less than the principal of such Series 2008A Bonds that are not Pledged Bonds, or the amount available to be drawn under the Letter of Credit for payment of the interest on such Outstanding Series 2008A Bonds, is less than the minimum amount required to be available under Credit Facilities in accordance with the Bond Series Certificate;

(B) the Letter of Credit will expire or terminate within 20 days after the Tender Date of the Tendered Bonds, unless and until the Letter of Credit has been extended or a Substitute Credit Facility has been delivered to the Tender Agent (provided that the Remarketing Agent may remarket Tendered Bonds to be converted to a Fixed Rate where the Letter of Credit will expire or terminate within 20 days after the Tender Date for such Tendered Bonds); or

(C) the Tendered Bonds were tendered pursuant to a mandatory tender required by the Bank following an Event of Default under the Reimbursement Agreement.

(ii) No Tendered Bonds shall be remarketed by the Remarketing Agent for purchase by the Authority or the University, unless there has been delivered to the Trustee an opinion of Bond Counsel to the effect that payment of the Purchase Price of Tendered Bonds from moneys paid by or on behalf of the Authority or the University for the purchase of such Tendered Bonds will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in a proceeding commenced by or against the Authority or the University thereunder.

(iii) The Remarketing Agent is required to use its best efforts to remarket the tendered Series 2008A Bonds for which it serves as Remarketing Agent. However, the Remarketing Agent is not required to remarket any tendered Series 2008A Bonds under certain circumstances, including if the Remarketing Agent has actual knowledge that an event of default with respect to the Series 2008A Bonds has occurred and is continuing under the Resolution or the Loan Agreement. In addition, the Remarketing Agreement provides that the Remarketing Agent is not required to remarket any tendered Series 2008A Bonds if (a) the Remarketing Agent determines that any applicable disclosure document or continuing disclosure undertaking required in connection with the remarketing of the Series 2008A Bonds is either unavailable or not adequate or (b) the Remarketing Agent has received an opinion of Bond Counsel that the exclusion from gross income of interest on the Series 2008A Bonds for federal income tax purposes, or the exemption from registration under the securities Act of 1993, or the exemption from qualification of the Resolutions Act of 1939 can be challenged. In addition, the Authority, with the consent of the University so long as no event of default has occurred and is continuing under the Loan Agreement, or the University, with the consent of the Authority, may direct the Remarketing Agent to discontinue or suspend the remarketing of the Series 2008A Bonds.

The Remarketing Agent

The Authority has appointed Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the Remarketing Agent for the Series 2008A Bonds. In accordance with the Resolutions, the Bond Series Certificate and the Remarketing Agreement, the Remarketing Agent will use its best efforts to find purchasers for tendered Bonds. The Remarketing Agent can be contacted at Four World Financial Center, New York, New York 10080.

Amendments to the Bond Series Certificate

The provisions of the Bond Series Certificate, including those described herein, may be amended in any way without the consent of the Holders of the Series 2008A Bonds, but with the prior written consent of the Bank: (i) on any Mandatory Tender Date; and (ii) at any time during the Weekly Rate Mode provided that notice of such amendment is given by first class mail to each Holder of Series 2008A Bonds at least 30 days prior to the effective date of such amendment.

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2008A Bonds are subject to optional, special and mandatory redemption, and to purchase in lieu of redemption, as described below.

Optional Redemption

The Series 2008A Bonds, while in a Weekly Rate Mode, are subject to redemption prior to maturity at the election of the Authority, in whole or in part, on any Business Day at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest, if any, to the redemption date.

Purchase in Lieu of Optional Redemption

Any Series 2008A Bond which is subject to optional redemption may be purchased by the Trustee at the direction of the University with the consent of the Authority. Such Series 2008A Bond need not be cancelled upon purchase, but may be resold with the same terms or such different terms as may be agreed upon by the University and the purchasers with the consent of the Authority. If the University elects to purchase Series 2008A Bonds, the University shall give written notice to the Authority and the Bank of such election, which notice shall set forth the Bonds to be purchased.

Special Redemption

The Series 2008A Bonds are subject to redemption prior to maturity, in whole or part, at 100% of the principal amount to be redeemed, plus accrued interest, if any, to the date of redemption, at the option of the Authority 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 as such term is defined in the Loan Agreement.

Redemption of Pledged Bonds

The Series 2008A Bonds that are Pledged Bonds shall be subject to redemption prior to maturity in whole or in part at the option of the Bank at a Redemption Price equal to 100% of the principal amount of the Pledged Bonds or portion thereof to be redeemed at the times and in the principal amounts required by the Reimbursement Agreement. Pledged Bonds are to be redeemed prior to other Series 2008A Bonds.

Mandatory Redemption

The Series 2008A-1 Bonds and the Series 2008A-2 Bonds shall be subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year in the principal amount of Series 2008A-1 Bonds or Series 2008A-2 Bonds specified for each of the years shown below:

Series 2008A-1 Bonds

<u>July 1</u>	<u>Sinking Fund</u> <u>Installments</u>
2008	\$ 0
2009	350,000
2010	375,000
2011	375,000
2012	375,000
2013	400,000
2014	425,000
2015	450,000
2016	1,525,000
2017	1,500,000
2018	2,500,000
2019	2,600,000
2020	2,700,000
2021	2,875,000
2022	3,000,000
2023	3,150,000
2024	4,260,000
2025	4,325,000
2026	4,285,000
2027	4,300,000
2028	4,500,000
2029	1,000,000
2030	1,075,000
2031	1,150,000
2032†	1,115,000

Series 2008A-2 Bonds

<u>July 1</u>	<u>Sinking Fund</u> <u>Installments</u>
2008	\$ 0
2009	350,000
2010	350,000
2011	375,000
2012	400,000
2013	400,000
2014	425,000
2015	425,000
2016	1,500,000
2017	1,625,000
2018	2,525,000
2019	2,600,000
2020	2,700,000
2021	2,700,000
2022	2,950,000
2023	3,000,000
2024	4,200,000
2025	4,250,000
2026	4,400,000
2027	4,450,000
2028	4,550,000
2029	1,000,000
2030	1,000,000
2031	1,000,000
2032†	1,110,000

† Final maturity.

As nearly as practicable, the Series 2008A Bonds of a Sub-Series to be redeemed from mandatory Sinking Fund Installments as shown above shall, if prior thereto the Series 2008A Bonds of a Sub-Series have grouped in to two or more Sub-Series, be allocated to each new Sub-Series pro rata based upon the principal amount of Series 2008A Bonds of such Sub-Series Outstanding on the date on which such Sinking Fund Installment is due after giving effect to any consolidation or disaggregation of Series 2008A Bonds among Sub-Series.

The Authority may from time to time direct the Trustee to purchase Series 2008A Bonds with moneys in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2008A Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2008A Bonds. The University also may purchase Series 2008A Bonds and apply any Series 2008A Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2008A Bonds. To the extent the Authority's obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Bondholder's Series 2008A Bonds will be reduced for such year.

Selection of Bonds to be Redeemed

If less than all of the Outstanding Series 2008A Bonds of like Sub-Series and maturity are to be redeemed or purchased in lieu of redemption as described herein, Pledged Bonds, if any, shall be redeemed first. Thereafter, the Trustee shall select for redemption Series 2008A Bonds, using such method of selection as it deems proper in its discretion, in accordance with the Resolution.

Notice of Redemption

Each notice of redemption shall be given not less than fifteen (15) days prior to the redemption date. Each notice of redemption of Series 2008A Bonds in the Weekly Rate Mode to be redeemed at the option of the Authority may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of Available Moneys sufficient to pay the Redemption Price of the Series 2008A Bonds to be redeemed.

For a more complete description of the redemption and other provisions relating to the Series 2008A Bonds, see “Appendix D - Summary of Certain Provisions of the Resolutions and Bond Series Certificate.”

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2008A Bonds. The Series 2008A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2008A Bond certificate will be issued for each Sub-Series and maturity of the Series 2008A Bonds, totaling in the aggregate the principal amount of the Series 2008A Bonds, and will be deposited with DTC.

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

Purchases of the Series 2008A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2008A 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 2008A 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 2008A Bonds, except in the event that use of the book-entry system for such Series 2008A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008A 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 the Series 2008A Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008A 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. Beneficial Owners of Series 2008A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2008A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2008A Bond documents. For example, Beneficial Owners of the Series 2008A Bonds may wish to ascertain that the nominee holding the Series 2008A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2008A Bonds of a Sub-Series and a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2008A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2008A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Underwriter, the Trustee, the University or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2008A Bond tendered for purchase, through its Participant, to the Tender Agent and Remarketing Agent, and shall effect delivery of such Series 2008A Bond by causing the Direct Participant to transfer the Participant's interest in the Series 2008A Bond, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2008A Bonds in accordance with a tender for purchase will be deemed satisfied when the ownership rights in the Series 2008A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2008A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2008A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2008A Bond certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the University and the Underwriter believe to be reliable, but the Authority, the University and the Underwriter do not take responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2008A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NONE OF THE AUTHORITY, THE UNIVERSITY, THE BANK, THE UNDERWRITER, OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2008A BONDS.

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

For every transfer and exchange of Series 2008A 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.

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

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

So long as Cede & Co. is the registered owner of the Series 2008A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2008A Bonds (other than under the caption "PART 11 - TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2008A Bonds.

Principal and Interest Requirements

The following table sets forth the amounts, after giving effect to the issuance of the Series 2008A Bonds, required to be paid by the University during each twelve month period ending June 30 of the Bond Years shown for the payment of debt service on the currently outstanding indebtedness of the University, the principal of and interest on the Series 2008A Bonds and the total debt service on all indebtedness of the University, including the Series 2008A Bonds but not including debt service on the Refunded Bonds.

Debt Service on University Indebtedness

12-Month Period Ending June 30,	Debt Service on Outstanding Indebtedness ⁽¹⁾	Principal Payments	Interest Payments ⁽²⁾	Total Debt Service on the Series 2008A Bonds ⁽²⁾	Total Debt Service ⁽²⁾
2008	\$9,568,535	\$ -	\$ 376,814	\$ 376,814	\$ 9,945,349
2009	10,227,710	700,000	3,391,325	4,091,325	14,319,035
2010	10,219,710	725,000	3,366,825	4,091,825	14,311,535
2011	10,216,960	750,000	3,341,450	4,091,450	14,308,410
2012	10,173,460	775,000	3,315,200	4,090,200	14,263,660
2013	10,175,960	800,000	3,288,075	4,088,075	14,264,035
2014	10,216,648	850,000	3,260,075	4,110,075	14,326,723
2015	10,223,898	875,000	3,230,325	4,105,325	14,329,223
2016	5,756,898	3,025,000	3,199,700	6,224,700	11,981,598
2017	5,741,798	3,125,000	3,093,825	6,218,825	11,960,623
2018	3,962,398	5,025,000	2,984,450	8,009,450	11,971,848
2019	3,964,338	5,200,000	2,808,575	8,008,575	11,972,913
2020	3,959,425	5,400,000	2,626,575	8,026,575	11,986,000
2021	3,964,063	5,575,000	2,437,575	8,012,575	11,976,638
2022	3,986,250	5,950,000	2,242,450	8,192,450	12,178,700
2023	3,989,625	6,150,000	2,034,200	8,184,200	12,173,825
2024	2,481,000	8,460,000	1,818,950	10,278,950	12,759,950
2025	2,489,750	8,575,000	1,522,850	10,097,850	12,587,600
2026	2,488,750	8,685,000	1,222,725	9,907,725	12,396,475
2027	2,488,250	8,750,000	918,750	9,668,750	12,157,000
2028	2,493,000	9,050,000	612,500	9,662,500	12,155,500
2029	1,562,500	2,000,000	295,750	2,295,750	3,858,250
2030	1,563,250	2,075,000	225,750	2,300,750	3,864,000
2031	1,565,750	2,150,000	153,125	2,303,125	3,868,875
2032	1,569,750	2,225,000	77,875	2,302,875	3,872,625

⁽¹⁾ See "PART 7 - THE UNIVERSITY-FINANCIAL STATEMENT INFORMATION - Outstanding Indebtedness and Other Obligations" for a more detailed description of the University's outstanding indebtedness. The debt service on the outstanding indebtedness does not include the debt service on the Refunded Bonds which will be refunded within 30 days of the issuance of the Series 2008A Bonds. The outstanding indebtedness includes indebtedness secured by Prior Pledges. See "Appendix A - Certain Definitions."

⁽²⁾ Assumes that interest on the Series 2008A Bonds accrues at a rate of 3.5% per annum, which is the expected maximum fixed swap rate payable by the University pursuant to the amended interest rate swap agreement entered into by the University. The University's actual debt service payments, including net payments under the amended interest rate swap agreement, could be higher. See "PART 7 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Outstanding Indebtedness and Other Obligations" for a description of said interest rate swap agreement and possible changes thereto.

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PART 4 - ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of the Series 2008A Bonds.....	\$96,895,000
Other Sources	<u>387,370</u>
Total Sources of Funds	<u>\$97,282,370</u>

Uses of Funds

Refunding of the Refunded Bonds	\$95,869,900
Costs of Issuance (including Letter of Credit fee).....	518,577
State Bond Issuance Fee	673,550
Underwriter's Discount	<u>220,343</u>
Total Uses of Funds	<u>\$97,282,370</u>

PART 5 - THE REFUNDING PLAN

A portion of the proceeds of the Series 2008A Bonds will be used to refund the Refunded Bonds within 30 days of the issuance of the Series 2008A Bonds. Upon the issuance of the Series 2008A Bonds, such proceeds, together with other available moneys, are expected to be sufficient to pay the redemption price of the Refunded Bonds and the interest on the Refunded Bonds to the date fixed for redemption.

Proceeds of the Series 2008A Bonds and such other available moneys will be deposited with the trustee under the Series 2005A Bond Resolution (the "Series 2005A Trustee") upon the issuance and delivery of the Series 2008A Bonds and will be held in trust by the Series 2005A Trustee solely for the payment of the redemption price of and interest on the Refunded Bonds.

PART 6 - THE BANK

THIS SECTION REPRESENTS ONLY A SUMMARY OF THE INFORMATION REFERRED TO HEREIN. EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN, THIS SECTION DOES NOT ATTEMPT TO DESCRIBE THE BUSINESS OR ANALYZE THE CONDITION, FINANCIAL OR OTHERWISE, OF ALLIED IRISH BANKS, p.l.c. (THE "BANK") OR OTHERWISE DESCRIBE ANY RISKS ASSOCIATED WITH THE BANK. EACH BONDHOLDER MUST RELY ON THAT HOLDER'S OWN KNOWLEDGE, INVESTIGATION AND EXAMINATION OF THE BANK AND THE BANK'S CREDITWORTHINESS.

The Bank reports its financial information on a consolidated basis, which includes the Bank and certain affiliates and subsidiaries ("AIB Group"). AIB Group provides a diverse and comprehensive range of banking, financial and related services principally in Ireland, Britain, Poland and the United States. AIB Group is currently organized into four (4) divisions: Republic of Ireland; Great Britain & Northern Ireland; Poland; and Capital Markets (which includes the Bank's New York Branch). The Bank is the largest banking corporation organized under the laws of Ireland. As of December 31, 2007, the Bank's total assets were EUR 178 billion. Profit before taxation from continuing operations for the year ending December 31, 2007 amounted to EUR 2,508 million. Profit attributable to equity holders of the parent was EUR 1,949 million. Return on average ordinary shareholders' equity was 21.8% and return on average total assets was 1.21%.

The Bank's New York Branch files quarterly reports on Form FFIEC-002 ("Call Reports") with the Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10001 and with the New York State Banking Department at 1 State Street, New York, NY 10004. The Call Reports are publicly available.

The Bank is an Irish registered public limited company and its ordinary shares are quoted on the Dublin and London stock exchanges. The AIB Group's ordinary shares (symbol AIB) and non-cumulative preference shares (symbol the AIBPr) are traded in the USA on the New York Stock Exchange in the form of American Depositary Shares ("ADS") and each ADS is evidenced by an American Depositary Receipt ("ADR"). The Bank, as a foreign private issuer of securities in the United States, is required to file an annual report on Form 20-F with the U.S. Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") within 6 months after the end of each fiscal year. Moreover, a foreign issuer, unlike domestic companies, is required to submit to the SEC under the Exchange Act on Form 6-K, only those interim reports and other materials that the issuer prepares in accordance with home country or home market requirements or delivers to its security holders. Exchange Act documents filed by the Bank are publicly available at the public reference facilities maintained by the SEC at 100 F Street, NE, Washington, D.C. 20549 and at its regional office at 3 World Financial Center, Suite 400, New York, NY 10281-1022. Copies of documents filed by the Bank with the SEC may also be accessed electronically by means of the SEC's home page on the Internet at "<http://www.sec.gov>".

Any of the documents referred to herein (other than exhibits to such documents) are available upon request, without charge, by writing to the Office of Investor Relations, Allied Irish Banks, p.l.c., Bankcentre, Ballsbridge, Dublin 4, Ireland. Additional information about the Bank, including a copy of AIB Group's Annual Report and Form 20-F, is presently available on the Internet at "<http://www.theBankgroup.com>".

Note: The exchange rate as at 12/31/07 - EUR1 = \$1.4721

PART 7 - THE UNIVERSITY

GENERAL INFORMATION

Introduction

Fordham University is an independent, not-for-profit, coeducational, nonsectarian institution of higher learning in the Jesuit tradition located in the City of New York. Fordham was founded in 1841 and was granted its charter in 1846 by the State of New York.

Fordham's original campus sits on 85 acres of lawns, trees and gothic buildings, known as Rose Hill, in the Bronx. Approximately 6,500 students are enrolled in three undergraduate programs at Fordham College at Rose Hill, the College of Business Administration and Fordham College of Liberal Studies; and in two graduate schools: the Graduate School of Arts and Sciences and the Graduate School of Religion and Religious Education. The Rose Hill campus includes 35 structures within the campus green including 12 classroom/administration buildings, the Walsh Family Library, the University Church, McGinley Student Center, the Vincent T. Lombardi Memorial Center with its athletic facilities, and ten dormitories housing approximately 3,100 students. Four of the oldest buildings on the campus are registered historic landmarks: the Administration Building, Alumni House, the University Church and St. John's Hall.

The Lincoln Center campus, set on eight acres adjacent to Lincoln Center for the Performing Arts in mid-town Manhattan, was established in 1961. Approximately 8,000 students are enrolled there at Fordham College at Lincoln Center, Fordham College of Liberal Studies, and four graduate and professional schools: the School of Law, the Graduate School of Business, the Graduate School of Education and the Graduate School of Social Service. The Lincoln Center campus also includes a residence hall housing 940 students. Fordham has announced plans to substantially expand the Lincoln Center campus. The expansion plans currently contemplate the construction of a new law school building, dormitory facilities and classroom space.

Fordham's Calder Conservation and Ecology Center, founded in 1967, in Armonk, New York, is a 114-acre field station for graduate and faculty research in basic ecology and applied environmental sciences.

Since 1976, the Graduate Schools of Business Administration, Education and Social Service have offered master's, doctoral and professional degree programs at the University's suburban graduate center located on the Marymount Campus in Tarrytown, New York. On July 1, 2002, the University acquired through consolidation Marymount College, a small liberal arts college for women located on that campus, which became the fifth undergraduate college of Fordham University with approximately 800 students. After two years of study by two University task forces, the University phased out the operations of Marymount College, concluding in June 2007. The University has entered into a contract for the sale of the Marymount campus, with the sale anticipated to be completed before the end of June 2008, and will move its Westchester operations to a leased building in Harrison, New York, effective August 2008.

The University serves approximately 14,700 undergraduate and graduate students at all locations. Of the undergraduate total, 43% are men and 57% are women. Of the undergraduate students who report their ethnicity, 24.6% are members of racial minorities: 5.6% are African American, 12.3% are Hispanic, 6.4% are Asian and 0.3% are American Indian/Alaskan Native.

Fordham is attended by students of all ages, with 47% of the 2007 Freshman class coming from New York State and the balance representing the other 49 States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and 58 foreign countries.

The University offers degrees ranging from the baccalaureate to the doctorate through its twelve schools and colleges. In 2006-2007, Fordham awarded 4,238 degrees and advanced certificates including: 116 doctorates, 495 law degrees, 1,886 master's degrees, 1,670 bachelor's degrees and 71 advanced certificates.

Governance

The University is governed by a self-perpetuating Board of Trustees. The University statutes provide that the Board of Trustees shall consist of not more than forty nor less than five persons. The President of the University is an ex-officio member of the Board. The term of office of each member other than the President is three years. After completion of two three-year terms on the Board, a period of one year must elapse before reelection to the Board, except that any trustee who is currently serving as chair or vice chair of the Board or who has been recommended by the nominating committee for either of those offices may be reelected for a third consecutive term without any lapse of time. In addition, trustees who are members of the Executive Committee or who have been recommended for membership on the Executive Committee may be reelected at the end of their second consecutive term to an additional two-year term without any lapse of time. The Board meets at least four times a year. The Board has an Executive Committee which meets at least four times a year and usually six times a year. Among other committees of the Board are Audit and Finance Committees which meet at least four times a year. The Executive Committee represents the Board in all its functions between regularly scheduled Board meetings except those expressly prohibited by University statutes.

The members of the Board and its officers as of April 2008 and their professional affiliations or principal businesses are listed below:

John N. Tognino-Chair⁽¹⁾⁽²⁾⁽³⁾
Chairman and CEO
Pepper Financial Group

Patricia M. Nazemetz - Vice Chair⁽¹⁾
Vice President, Human Resources
Xerox Corporation

Stephen E. Bepler⁽²⁾
Senior Vice President
Capital Research Company

James E. Buckman
Vice Chairman
York Capital

Richard J. Buoncore
Managing Partner
MAI Wealth Advisors, LLC

Donna M. Carroll⁽¹⁾
President
Dominican University

Winston J. Churchill
Managing Partner
SCP Private Equity Partners, Inc.

John J. Cook, Jr.⁽¹⁾
Managing Director
Seaward Management Corporation

Vincent M. Cooke, S.J.⁽³⁾
President
Canisius College

Michael J. Cosgrove⁽¹⁾⁽³⁾
President and CEO
GE Asset Management - Mutual Funds

John R. Constantino⁽²⁾
Managing General Partner
NGN Capital LLC

Carolyn N. Dolan⁽²⁾
Principal
Samson Capital Advisors

Christine F. Driessen
EVP and CFO
ESPN Inc.

Vincent J. Duminuco, S.J.⁽¹⁾
Jesuit Community
Fordham University

Kathleen Fagan, RSHM
Headmistress Emerita
Marymount International School of
New York

Robert A. Ferris
Managing Director
Caxton-Iseman Capital, Inc.

Christopher F. Fitzmaurice⁽³⁾
Retired Managing Director
Citigroup Global Markets
Holdings, Inc.

William P. Frank
Senior Partner
Skadden, Arps, Slate, Meagher
& Flom

Michael J. Garanzini, S.J.
President
Loyola University Chicago

Peter W. Howe⁽¹⁾⁽²⁾
Partner
Ernst & Young LLP

Darlene Luccio Jordan
Executive Director
The Gerald R. Jordan Foundation

John P. Kehoe
Senior Advisor, The Abernathy
MacGregor Group, Inc./
Kehoe Partners, Inc.

Gerold F. L. Klauer⁽¹⁾⁽³⁾
Senior Managing Director
Cumberland Associates LLC

V. John Kriss
Retired Senior Vice President
Capital Group Companies -
American Funds Distributors

Gerdenio Manuel, S.J.
Rector, Jesuit Community
Santa Clara University

J. Thomas McClain, S.J.⁽¹⁾
Pastor and Director of Catholic
Campus Ministry
St. Mary Student Parish, University
of Michigan

Sylvester McClearn⁽¹⁾
Managing Director
Citi Group Capital Markets

Robert B. McKeon⁽³⁾
Founder and President
Veritas Capital, Inc.

Joseph M. McShane, S.J.⁽¹⁾⁽²⁾⁽³⁾
President
Fordham University

Francis J. Morison⁽¹⁾
Senior Counsel
Davis Polk & Wardwell

Robert J. O'Shea
Silver Point Capital

Frank J. Petrilli⁽¹⁾
President and CEO
Nexsar Group, Inc.

Joel I. Pickett
Chairman and CEO
Gotham Organization, Inc.

Regina M. Pitaro
Managing Director
GAMCO Investors, Inc.

Loretta A. Preska
Judge, United States District Court
for the Southern District of New
York

Nicholas A. Romano
Former Managing Partner
Andor Capital

Thomas P. Salice⁽²⁾
SFW Capital Partners, LLC

Steven E. Sanderson
President and CEO
The Wildlife Conservation Society

Paul C. Saunders
Partner
Cravath, Swaine & Moore LLP

John S. Wilcha⁽¹⁾⁽³⁾
Chairman
D.C. Safety Co, Inc.

(1) Member of the Executive Committee

(2) Member of the Audit Committee

(3) Member of the Finance Committee

Administration

The University is administered by a President who is responsible for the day-to-day operations of the University. The Board of Trustees elects additional officers of the University. The following are presently serving as officers of the University.

The Reverend Joseph Michael McShane, S.J., President

The Reverend Joseph M. McShane, S.J., became the 32nd president of Fordham University on July 1, 2003. He previously served at Fordham as dean of Fordham College, as a professor of theology and as a member of the Board of Trustees. He served on the religious studies faculty at LeMoyne College in Syracuse, New York, from 1982 to 1992 and as chair of the Department of Religious Studies from 1991 to 1992. Father McShane joined the Fordham Board of Trustees in 1987 and served until 1992 when he was appointed dean of Fordham College and professor of theology. In 1998, Father McShane left Fordham to become president of the University of Scranton in Pennsylvania and was reappointed to Fordham's board in 2001. He left the University of Scranton in 2003 to return to Fordham. In addition to his presidential responsibilities, Father McShane serves on the boards of St. Joseph's Preparatory School in Philadelphia and Loyola University in New Orleans. Father McShane received a bachelor's degree in English and philosophy and a master's degree in English from Boston College, and he holds a Ph.D. in the history of Christianity from the University of Chicago. He received M. Div. and S.T.M. degrees from the Jesuit School of Theology at Berkeley.

Mr. John J. Lordan, Senior Vice President, Chief Financial Officer and Treasurer

John J. Lordan joined Fordham in April 2000, in the newly-created position of Senior Vice President, Chief Financial Officer and Treasurer. Prior to that, he was Vice President for Business Affairs at Johns Hopkins University (where he remains Vice President Emeritus) and Deputy Associate Director for Financial Management in the U.S. Office of Management and Budget. Mr. Lordan holds a B.S. degree from Suffolk University, Boston, an M.B.A. from Boston College, and an M.P.A. from the Kennedy School at Harvard. He is a C.P.A., a former member of the Council of the American Institute of C.P.A.'s and the Advisory Council of the Financial Accounting Standards Board. He serves on the Boards of St. Barnabas Hospital and Fordham Preparatory School, which institutions are located in the Bronx, New York.

Dr. Stephen Freedman, Senior Vice President for Academic Affairs and Chief Academic Officer

Dr. Freedman received his bachelor's degree from Loyola of Montreal, master's degree from York University, and his doctoral degree from the University of California at Irvine. In 1979, he joined the faculty at Loyola University of Chicago, where he served as Dean of Mundelein College of Loyola University. Prior to becoming Fordham's Senior Vice President for Academic Affairs in 2007, Dr. Freedman was Academic Vice President at Gonzaga University in Spokane, Washington.

Employee Relations

The University employed approximately 2,782 people (other than faculty) in the following capacities as of March 31, 2008:

	<u>Full-Time</u>	<u>Part-Time</u>
Administrative/Technical/Professional	884	148
Clerical (Local 153)	265	18
Clerical (non-union)	3	0
Maintenance (Local 805)	193	60
Graduate Assistant	0	305
Hourly	<u>0</u>	<u>901</u> (summer)
Total	1,345	1,432

The University has collective bargaining agreements with the Office and Professional Employee International Union, Local 153, an affiliate of the AFL-CIO, for its clerical, secretarial and select technical positions, and the Fordham University Employees, Local 805, an affiliate of the International Brotherhood of Teamsters, which represents physical plant and post office employees at all three campus locations. Both agreements terminate on June 30, 2009. The University considers its relationship with its employees to be good.

The Fordham Faculty at the Rose Hill and Lincoln Center Campuses are not unionized but make their concerns known to the administration through the Fordham Faculty Senate.

OPERATING INFORMATION

Undergraduate Admissions

The following table illustrates the number of applications received for first-time full-time admission to Fordham's undergraduate programs, the number of applicants accepted by the University and the number of successful applicants who enrolled, for each of the last five academic years:

	<u>ADMISSIONS STATISTICS*</u>				
	<u>Fall 2003</u>	<u>Fall 2004</u>	<u>Fall 2005</u>	<u>Fall 2006</u>	<u>Fall 2007</u>
Freshman Applications	12,801	14,261	15,225	18,161	22,035
Freshman Acceptances	6,862	7,188	7,606	8,447	9,281
Percentage Accepted	54%	50%	50%	47%	42%
Freshman Matriculants	1,728	1,703	1,755	1,722	1,784
Percentage (Matriculants divided by Acceptances)	25%	24%	23%	20%	19%
Yield (Matriculants divided by Applications)	13%	12%	12%	9%	8%

* Excludes Marymount College

Student Enrollment

The number of applications for freshman admission to Fordham University has grown from 12,801 for Fall 2003 to 22,035 for Fall 2007, an increase of 9,234 or 72%. During the same period the average recentered SAT score has risen from 1,183 in Fall 2003 to 1,223 in Fall 2007.

As a result of the University's effort at broadening its student body, the geographic diversity of the entering classes has also widened. In 2007, the undergraduate student body included students from every state, and the District of Columbia, Puerto Rico and the U.S. Virgin Islands and 58 foreign countries. In 2003, 53% of freshmen were from New York State and by 2007 the figure had declined to 47%.

The long-term enrollment plan for the University is presently constrained by residence hall capacity. (See "Capital Plan" below for discussion of proposed financing for construction of new student residential facility.) It is management's objective to maintain a 75% vs. 25% split between residential and commuting students and to maintain or improve the quality profile of the entering class while continuing to lower the percentage of total tuition paid with the University's resources.

Mean SAT Scores Entering Freshmen*

<u>Fall</u>	<u>Verbal</u>	<u>Math</u>	<u>Total</u>
2003	593	590	1,183
2004	596	589	1,185
2005	607	601	1,208
2006	602	599	1,201
2007	614	609	1,223

*Excludes Marymount College

The following table details enrollment for Fordham University for the past five academic years:

Total Enrollment

<u>Academic Year</u>	<u>Full-Time¹</u>			<u>Part-Time²</u>			<u>Grand Total Full- & Part-Time</u>
	<u>Undergraduate</u>	<u>Graduate & Professional</u>	<u>Total</u>	<u>Undergraduate</u>	<u>Graduate & Professional</u>	<u>Total</u>	
2003-04	7,646	3,399	11,045	840	3,929	4,769	15,814
2004-05	7,638	3,501	11,139	792	3,966	4,758	15,897
2005-06	7,731	3,298	11,029	746	3,838	4,584	15,613
2006-07	7,420	3,394	10,814	802	3,637	4,439	15,253
2007-08	7,307	3,364	10,671	588	3,432	4,020	14,691

¹ Decline in full-time student enrollment is a result of the closure of Marymount College.

² Decline in part-time student enrollment is a result of the University no longer counting students that audit courses as part-time students.

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Student Charges

The following tables detail tuition and room charges for undergraduate, Fordham College of Liberal Studies for continuing education (formerly Ignatius College) and graduate and professional students for the academic years 2003-04 to 2007-08:

	<u>STUDENT CHARGES</u>				
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Tuition:					
Full-Time Undergraduate					
Entrants since Fall 2002	\$ 24,720	\$26,200	\$27,775	\$30,000	\$31,800
Entrants for 2001-02	\$ 24,255	\$25,700	\$27,245	\$29,600	\$31,375
All Students before Fall 2001	\$ 23,385	\$24,800	\$27,245	n/a	n/a
Fordham College of Liberal Studies					
Per Credit	\$ 525	\$ 550	\$ 575	\$600	\$625
Graduate Arts and Sciences					
Per Credit	\$ 800	\$ 832	\$ 875	\$960	\$995
Law School					
J.D. Full-time (Flat Rate)	\$ 30,930	\$32,750	\$34,675	\$36,670	\$38,900
J.D. Part-time (Flat Rate)	\$ 23,200	\$24,565	\$26,000	\$27,500	\$29,175
Other Professional Schools					
Range Per Credit	\$550-\$734	\$566-\$770	\$583-\$825	\$600-\$875	\$630-\$950
Room Rates -Lincoln Center Campus (Range Per Year)					
From	\$ 6,170	\$6,540	\$6,930	\$7,345	\$7,785
To	\$ 10,075	\$10,680	\$11,320	\$12,000	\$12,720

The University used a multi-tiered tuition structure in 2001 and 2002, and will apply that structure for those students who first applied in those years. The University returned to a single-tiered tuition structure for students who enrolled after 2002. The University anticipates increases in tuition and room and board charges will approximate the pattern of the past several years, which the University believes will not have a material adverse impact on student enrollment. The University believes such increases are comparable to those that can be expected at universities which compete with Fordham for students.

Student Financial Aid

Fordham administers a comprehensive financial assistance program of scholarships, grants, loans and a work study program for its students. The following table illustrates the sources and amounts of financial aid received by undergraduate students for the past four and current academic years:

Scholarships and Grants from All Sources By Source
(in millions)

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Total Scholarships and Grants	\$68.1	\$74.1	\$78.1	\$83.1	\$90.5
Federal	5.8	5.9	5.5	6.1	6.9
State	6.5	6.5	6.7	6.5	6.4
External/Other	2.9	2.9	3.3	3.3	4.1
Fordham Funded (Institutional)	52.9	58.8	62.6	67.2	73.1

*Aid includes awards for the fall and spring given to undergraduates who enrolled in the fall term. It does not include assistance for the summer term, aid to graduate or professional students, or awards to undergraduates who do not enroll for the fall term. Also, the statistics exclude Marymount College. The Fordham funds consist of awards based on need, merit, or athletics, as well as tuition remission for employees. The data were extracted in March or early April, before the end of the fiscal year in order to satisfy the deadlines of college guides. The awards extracted at that time are close to those extracted after the end of the fiscal year.

In addition to scholarships and grants, \$19.5 million in student loans and \$4.2 million for work study was available to students in 2006-2007. Student loans and work study are provided by the University, as well as by the state and federal governments. Approximately 15% of undergraduate student financial aid comes from federal and state government programs. Reductions in federal or state aid programs, including student loan programs, or restrictive changes in eligibility requirements could adversely affect all University students requiring financial assistance, including students receiving such aid at Fordham. However, the University does not believe that reductions or restrictions in any specific federal or state program would disproportionately affect Fordham students, as compared with those at other universities with which Fordham competes for its student body. Future payments of state funded financial aid are dependent on the enactment of annual appropriations and the ability of the State of New York to pay the sums appropriated. A substantial reduction or the elimination of the state programs could have a detrimental effect on the University, as it would on other institutions of higher education in the State.

Faculty

Of the full-time faculty members, more than 96% hold Ph.D. or other terminal degrees: 66% are men, 34% are women and 16% are members of racial minorities. The full-time faculty is comprised of 205 Professors, 228 Associate Professors, 179 Assistant Professors and 55 Instructors/Lecturers/Other. The undergraduate student/faculty ratio is 11.9:1.

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

FACULTY PROFILE

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Full-time	595	625	645	654	667
Part-Time & Adjunct	306	273	293	270	280
Total	901	898	938	924	947
Tenured	390	383	391	378	376

FINANCIAL STATEMENT INFORMATION

Financial Statement Information

Annual Financial Statement Presentation

The University's financial statements for the fiscal years ended June 30, 2006 and 2007, included herein as Appendix B, have been audited by KPMG LLP, independent auditors, as indicated in their report thereon, which is also included in Appendix B, which indicated that in 2007 the University adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of June 30, 2007.

Fiscal year 2007 represented the 38th consecutive year during which the University achieved an operating surplus. The University's operating revenues for the fiscal year totaled \$402.4 million, while operating expenses totaled \$369.2 million. The University recognized contribution revenue totaling \$47.9 million. The University ended fiscal year 2007 with a fair value for investments of \$513.3 million and an insured replacement value for buildings, furnishings, and equipment of \$966 million. Since June 30, 2007, there has been no material adverse change in the financial condition of the University.

The following table provides a summary of the changes in net assets of the University for each of the five years ended June 30, 2003 through 2007 and a summary of the financial position of the University as of the last day of each fiscal year from June 30, 2003 through June 30, 2007. The following tables should be read in conjunction with the financial statements and the notes thereto included herein as Appendix B.

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**Summary of Changes in Net Assets
For the Years Ended June 30,
(in thousands)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Changes in unrestricted net assets:					
Operating revenues:					
Tuition and fees, net	\$ 215,709	\$ 230,293	\$ 246,910	\$ 259,222	\$ 273,466
Government grants	15,151	13,936	15,678	18,921	22,680
Investment return	9,605	9,617	9,910	13,818	17,711
Contributions and private grants	13,871	15,190	17,266	21,092	22,064
Auxiliary enterprises, net	38,469	43,046	45,769	47,998	49,330
Other revenues	8,102	7,203	7,635	18,449	9,721
Net assets released from restrictions	4,728	4,829	7,056	7,266	7,384
Total operating revenues	305,635	324,114	350,224	386,766	402,356
Operating expenses:					
Program services:					
Instruction	113,840	121,577	130,072	137,021	143,943
Research	4,520	4,615	4,762	9,187	8,762
Public service	5,200	5,774	7,799	7,079	10,172
Academic support	38,358	40,955	48,048	51,157	54,693
Student services	36,741	37,706	41,897	42,806	46,460
Auxiliary enterprises	41,556	43,505	45,985	49,650	52,162
Total program services	240,215	254,132	278,563	296,900	316,192
Supporting services - institutional support	48,137	46,798	46,084	50,875	52,972
Total operating expenses	288,352	300,930	324,647	347,775	369,164
Net operating revenues	17,283	23,184	25,577	38,991	33,192
Nonoperating activities:					
Consolidation of Marymount College	4,819	-	-	-	-
Investment return	(3,325)	16,288	8,439	7,643	33,756
Effect of refunding and defeasance of debt	(4,319)	(1,705)	-	(7,358)	-
Change in value of interest rate swap	-	-	-	6,106	(407)
Marymount College closing expenses	-	-	-	(4,015)	(1,108)
Increase in net assets before effects of changes in accounting principles	14,458	37,767	34,016	41,367	65,433
Effect of adoption of FASB Statement No. 158	-	-	-	-	(5,869)
Cumulative effect of a change in accounting principle	-	-	-	(3,190)	-
Increase in unrestricted net assets	14,458	37,767	34,016	38,177	59,564
Changes in temporarily restricted net assets:					
Contributions and private grants	2,818	4,319	2,856	9,778	8,883
Investment return	1,837	20,581	11,386	15,296	26,209
Net assets released from restrictions	(4,728)	(4,829)	(7,056)	(7,266)	(7,384)
Change in provision on contributions receivable	(1,401)	(1,191)	(445)	(1,148)	-
Consolidation of Marymount College	1,323	-	-	-	-
Increase (decrease) in temporarily restricted net assets	(151)	18,880	6,741	16,660	27,708
Changes in permanently restricted net assets:					
Contributions	4,437	13,655	8,811	17,941	17,028
Investment return	(259)	890	338	598	723
Appreciation (depreciation) in fair value of perpetual trust	71	617	(365)	25	1,053
Change in provision on contributions receivable	(647)	(1,331)	(1,436)	(1,127)	(234)
Consolidation of Marymount College	6,056	-	-	-	-
Increase in permanently restricted net assets	9,658	13,831	7,348	17,437	18,570
Increase in net assets	23,965	70,478	48,105	72,274	105,842
Net assets at beginning of year	418,102	442,067	512,545	560,650	632,924
Net assets at end of year	\$442,067	\$ 512,545	\$ 560,650	\$ 632,924	\$ 738,766

Summary of Financial Position
As of June 30,
(in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assets:					
Cash and cash equivalents	\$ 516	\$ 231	\$ 360	\$ 724	\$ 1,109
Accounts and grants receivable					
Students, net	10,232	12,070	12,516	14,030	14,981
Government	4,597	5,179	4,893	4,602	3,861
Other	2,431	3,594	2,609	10,887	9,896
Contributions receivable, net	37,195	43,188	34,652	33,904	32,221
Prepaid expenses and other assets	3,099	2,868	3,219	9,614	9,502
Investments	252,193	307,208	351,508	402,999	513,303
Student loans receivable, net	15,274	14,714	13,539	14,015	14,548
Deposits with bond trustees	32,981	28,256	26,234	5,194	5,474
Bond issuance costs	4,705	4,789	4,516	4,608	4,289
Investment in plant assets, net	351,527	370,099	398,677	448,080	475,526
Total assets	<u>714,750</u>	<u>792,196</u>	<u>852,723</u>	<u>948,657</u>	<u>1,084,710</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	31,081	32,063	41,207	53,657	61,000
Loans payable	-	-	-	-	10,000
Deferred revenues and deposits	8,812	14,476	16,897	17,685	25,436
Amounts held for others	1,511	2,390	2,724	2,352	2,209
U.S. Government refundable advances	5,422	5,549	4,844	4,980	5,113
Postretirement benefits other than pensions	17,985	21,504	25,826	33,261	42,772
Long-term debt	207,872	203,669	200,575	203,798	199,414
Total liabilities	<u>272,683</u>	<u>279,651</u>	<u>292,073</u>	<u>315,733</u>	<u>345,944</u>
Net Assets:					
Unrestricted	225,447	263,214	297,230	335,407	394,971
Temporarily restricted	109,249	128,129	134,870	151,530	179,238
Permanently restricted	107,371	121,202	128,550	145,987	164,557
Total net assets	<u>442,067</u>	<u>512,545</u>	<u>560,650</u>	<u>632,924</u>	<u>738,766</u>
Total liabilities and net assets	<u>\$714,750</u>	<u>\$792,196</u>	<u>\$852,723</u>	<u>\$948,657</u>	<u>\$1,084,710</u>

Budget Process

The University's annual budget process begins in September of each year with the review of budget guidelines developed in prior years. Those guidelines are modified and new guidelines are developed, as appropriate, to conform with identified priorities, commitments and goals established for the upcoming year. The process includes a review of historical revenue and expense trends and the financial projections for the current fiscal year.

Initial revenue projections for budget planning are based on projected future enrollments and tuition and fee charges, consistent with the University's expectation of market conditions. The initial expenditure projections are made for salary and benefit costs and expected student financial aid requirements. These planning estimates are presented to the Finance Committee of the Board for its concurrence at the February board meeting. At that meeting, the Board of Trustees adopts the specific undergraduate tuition rates and gives management the authority to set graduate tuition rates consistent with the needs of each school and the University as a whole.

Detailed departmental budgets are developed by the University's vice presidents in consultation with the Budget Office. These departmental budget allocations are finalized for presentation as a university-wide budget to the Board of Trustees at its spring meeting.

In addition to the budgets for the upcoming fiscal year, a summary of the overall university-wide budgets for the next four fiscal years is presented to the Board of Trustees. These summary budgets include currently identified goals and priorities and form the basis for the next budget cycle.

Once the fiscal year begins, budget performance is monitored through monthly reporting of actual revenues and expenses which are compared to budgeted amounts and reviewed by departmental budget administrators and senior University management. Periodic reporting and management analysis is presented to the Board of Trustees.

State Aid

The University benefits from a program of the State of New York whereby State aid is allocable to certain not-for profit institutions of higher education based on the number of academic degrees conferred during the previous year. During the 2007 and 2006 fiscal years, the University received from the State \$1,705,736 and \$1,454,642, respectively, under this program. Future payments by the State are dependent on the enactment of annual appropriations by the State Legislature and the ability of the State to pay the sums appropriated.

Pension and Other Postretirement Plans

Employees of the University are covered under a defined contribution retirement plan administered by either the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), Fidelity Investments Tax Exempt Company, or Prudential Defined Contribution Services, at each employee's option. The University accrues the cost of these defined contribution plans currently. The University's contributions for retirement benefits for its employees totaled \$11,111,000 and \$10,667,000 for the years ended June 30, 2007 and 2006, respectively.

In addition to providing pension benefits, the University provides certain health care and life insurance benefits for retired faculty and administrative employees who meet certain minimum age and length of service requirements. Effective June 30, 2007, the University adopted FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires that the funded status of such plans be fully reflected on the balance sheet. The cost of providing these benefits is recognized as they are earned by the employees.

Net periodic postretirement benefit cost for fiscal year 2007 totaled \$4,980,000, which consisted of \$2,367,000 of service cost, \$2,506,000 of interest cost on the unfunded obligation, \$-0- amortization of prior service cost and \$107,000 amortization of net loss. The University expects to continue to fund such benefit costs principally on a pay-as-you-go basis. Payments made by the University for these benefits net of participants' contributions were \$1,338,000 in 2007 and \$1,303,000 in 2006. The accumulated postretirement benefit obligation at June 30, 2007 of \$42,772,000 consisted of \$11,591,000 for retirees, \$11,335,000 for active eligible employees and \$19,846,000 for other active employees.

Gifts

The Office of the Vice President for Development and University Relations is responsible for developing and executing plans for fund raising to support endowment growth, capital expenditures, and the operating budget of the University. Sources of gifts are alumni, corporations, foundations and friends.

The following table shows the total amount of contributions and private grants, including pledges, by donor restrictions received by the University during the fiscal years indicated:

<u>Fiscal Year</u>	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
2003	\$13,870,970	\$2,817,763	\$4,436,512	\$21,125,245
2004	15,189,726	4,319,216	13,655,327	33,164,269
2005	17,265,843	2,855,428	8,811,080	28,932,351
2006	21,092,203	9,777,103	17,941,152	48,810,458
2007	22,063,881	8,882,917	17,028,063	47,974,861

Investment Performance

The table below summarizes the fair values for the University's investments for each of the last five fiscal years.

<u>Fiscal Year Ended 30-June</u>	<u>Fair Values at 30-June</u>	<u>Dividends and Interest, Net of Expenses</u>	<u>Net Realized and Unrealized Gains</u>
2003	\$252,193,376	\$4,874,176	\$2,984,442
2004	307,208,285	2,400,343	44,975,759
2005	351,508,091	5,245,039	24,828,005
2006	402,998,599	6,590,271	30,765,678
2007	513,303,488	9,050,430	69,348,844

The fair values of the investments are determined based on quoted market prices or estimated fair values provided by external managers and general partners in the case of limited partnership investments. These estimated values are reviewed and evaluated by the University.

The University's invested funds, including cash and cash equivalents, had a fair value of approximately \$513 million (unaudited) as of March 31, 2008, held primarily in the University's Endowment Investment Pool. The Pool is made up of approximately 775 individual accounts that are invested jointly, but accounted for separately to assure compliance with donor restrictions.

The Investment Committee of the Board is responsible for overseeing the University's investment program. The Committee is responsible for establishing investment policy and asset allocation; retaining and overseeing external investment managers and consultants; and monitoring the implementation and performance of the investment program.

The Investment committee has established a long-term asset allocation policy that provides for target allocations of 60% to public equities, 10% to fixed income investments, 30% to alternative investments, including hedge funds and private equity.

Plant Values

The following table shows the book value of the physical plant of the University for the past five fiscal years.

	Plant Assets As of June 30, (in thousands)				
	2003	2004	2005	2006	2007
Land and land improvements	\$ 28,921	\$ 29,359	\$ 29,948	\$ 36,395	\$ 35,603
Buildings and building improvements	342,723	374,856	384,648	416,678	478,477
Furnishings, equipment and library collections	124,843	137,423	143,484	154,842	166,027
Construction in progress	21,296	10,946	32,922	46,192	21,304
Total	\$517,783	\$552,584	\$591,002	\$654,107	\$701,411
Less: Accumulated depreciation	(166,256)	(182,485)	(192,325)	(206,027)	(225,885)
Total	\$351,527	\$370,099	\$398,677	\$448,080	\$475,526

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The University presently carries, under blanket policies, insurance on its buildings and their contents, excluding building foundations and land, at 100% of the estimated replacement cost of all buildings and facilities.

Capital Plan

The Authority has authorized the issuance of up to \$125 million of other bonds and the loan of the proceeds of such bonds to the University. The bonds are expected to be issued in June 2008. The University will use the proceeds of such bonds primarily to finance the construction of a new, approximately 175,000 square-foot, six-story residential facility, to house approximately 453 students at the Rose Hill Campus (\$85 million). The University will use the remaining proceeds to finance several other smaller capital projects, some of which were completed in prior fiscal years. Such bonds are expected to be secured by a pledge of tuition and fees subordinate to the Series 2008A Bonds and by a mortgage on the new residential facility.

The University has announced plans to expand the Lincoln Center campus in two phases, the first over a 5-6 year period and the second over the following 15 years. Such expansion plans currently include the construction of a new Law School Building and Residence Hall at the Lincoln Center Campus. The project, which is scheduled to begin in the summer of 2009, is estimated to cost \$300 million and is expected to be financed by a combination of equity, gifts and debt financing. As a part of such plans, the University intends to sell portions of the property and excess development rights that it currently owns at the Lincoln Center Campus and has entered into a contract for the sale of a portion of such property and rights. The University has also developed a preliminary long-term capital plan for the Rose Hill Campus, which includes the renovation of the Lombardi Center and the construction of a new campus center and a student recreation center. The scheduling of these projects and the source of financing are under review by the University.

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Outstanding Indebtedness and Other Obligations

The following table presents a summary of the University's outstanding long-term indebtedness as of June 30, 2007. Certain pledges of University tuition and fees will have priority over the pledge of tuition and fees to secure the Series 2008A Bonds, and they are noted in a footnote to this table.

Outstanding Indebtedness as of June 30, 2007			
Loan	Interest Rate	Final Maturity Date	Amount Outstanding ⁽¹⁾
Dormitory Authority Fordham University Insured Revenue Bonds (Series 1990) ⁽²⁾	7.20%	2008	\$ 300,000
Dormitory Authority Fordham University Insured Revenue Bonds (Series 1998) ⁽²⁾	4.50% - 5.00%	2028	6,650,000
Dormitory Authority Fordham University Insured Revenue Bonds (Series 2002) ⁽²⁾	3.25% - 5.00%	2032	60,860,000
Dormitory Authority Fordham University Insured Revenue Bonds (Series 2004) ⁽²⁾	2.00% - 5.00%	2023	25,580,000
Dormitory Authority Fordham University Insured Revenue Bonds (Series 2005A) ⁽²⁾⁽³⁾	Variable	2032	95,750,000
U.S. Department of Education	3.00%	2022	2,077,595
Capitalized Lease Obligations	2.00 - 14.00%	2010	<u>3,841,055</u>
Total			<u>\$195,058,650</u>

(1) Unamortized net premium of \$4,355,214 not included.

(2) Represents indebtedness secured by the Prior Pledges of tuition and fees.

(3) The Series 2005A Bonds will be fully refunded from the proceeds of the Bonds.

The Authority Series 2005A, 2004, 2002, 1998 and 1990 Bonds mature in varying amounts through July 1, 2032. Certain of the bonds are secured by mortgages on certain of the University's property. Each series of bonds is secured by pledges of dormitory and tuition revenues equal to the maximum annual debt service requirements on the applicable series of bonds.

U.S. Department of Education note is due in semiannual installments through November 2022. The note is secured by the properties financed.

Capitalized lease obligations relate to computer equipment purchased by the University.

In 2005 in connection with the issuance of the Refunded Bonds, the University entered into an interest rate swap agreement with Merrill Lynch Capital Services, Inc. (“MLCS”), which is related to Merrill Lynch, Pierce, Fenner & Smith Incorporated. Under the terms of the original interest rate swap agreement, the University pays a fixed rate of 3.24%, and receives a variable rate based on 67% of one-month LIBOR on the original (and current) notional amount of \$95,750,000, which notional amount reduces over time consistent with the amortization of the Refunded Bonds. Certain of the University’s net periodic payment obligations under the interest rate swap agreement were insured by XL Capital Assurance Inc. (“XL Capital”). Under certain circumstances, the University may be required to post collateral to secure its obligations under the swap agreement, and the swap agreement may be terminated by the University or by MLCS. Upon termination, the University may be liable to pay a termination payment, which termination payment could be substantial. The estimated termination payment that would have been paid by the University if the swap agreement had been terminated on June 30, 2007 (i.e., the “mark-to-market” valuation) is included in the University’s financial statements and the amount of such a termination payment changes from time to time.

The University and MLCS have agreed to amend the original agreement so as to modify the notional amount to be equal to the principal amount of the Series 2008A Bonds and to reduce the notional amount over time consistent with the amortization of the Series 2008A Bonds. The fixed rate to be paid by the University under the amended agreement will be determined at or before the issuance of the Series 2008A Bonds but it is expected to be less than 3.5% per annum. None of the University’s payment obligations under the amended agreement will be insured by XL Capital, and the circumstances under which the University may be required to post collateral to secure its obligations under the interest rate swap agreement will be amended. The other terms of the amended agreement are expected to be substantially the same as the terms of the original agreement.

MLCS has no obligation to make any payments with respect to the principal of, premium, if any, or interest on the Series 2008A Bonds, and is only obligated to make certain payments to the University pursuant to the terms of the amended interest rate swap agreement. Neither any holder of the Series 2008A Bonds nor any other person other than the University shall have any rights under the interest rate swap agreement or against MLCS.

LITIGATION

There is no litigation pending or, to the knowledge of the University, threatened in any court, agency or other administrative body to which the University is a party, wherein an unfavorable decision would adversely affect the ability of the University to enter into the Loan Agreement and carry out its obligations thereunder or which would in the aggregate have a material adverse impact on the financial condition or operation of the University.

PART 8 - THE AUTHORITY

Background, Purposes and Powers

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services (“BOCES”), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the Department of Audit and Control, facilities for the aged and certain

judicial facilities for cities and counties. The Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

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

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

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

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

At March 31, 2008, the Authority had approximately \$35.2 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority’s bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority’s bonds and notes include both special obligations and general obligations of the Authority. The Authority’s special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders

of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority's general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at March 31, 2008 were as follows:

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

Outstanding Indebtedness of the Agency Assumed by the Authority

At March 31, 2008, the Agency had approximately \$401 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at March 31, 2008 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	\$ 3,817,230,725	\$ 0
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 3,605,000
Insured Mortgage Programs	6,625,079,927	389,564,927
Revenue Bonds, Secured Loan and Other Programs.....	2,414,240,000	8,255,000
Total Non-Public Programs.....	9,265,549,927	401,424,927
Total MCFFA Outstanding Debt.....	\$ 13,082,780,652	\$ 401,424,927

Governance

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

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

The current members of the Authority are as follows:

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

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

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on April 26, 2004. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly

newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2010.

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

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

BRIAN RUDER, Scarsdale.

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

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. He is a member of the Board of Directors of Natural Health Trends Inc., a public company, where he chairs the Audit Committee. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expired on August 31, 2007 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from

1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

ROMAN B. HEDGES, Delmar.

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

KEVIN R. CARLISLE, Averill Park.

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

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

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

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

Ms. Anglin was appointed Budget Director on January 1, 2008. As Budget Director, she is responsible for the overall development and management of the State's fiscal policy, including overseeing the

preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Ms. Anglin previously served as First Deputy Budget Director from January 2007 to December 2007. She was appointed Deputy Comptroller of the Division of Retirement Services in January 2003 and was responsible for overseeing the administration and managing the operations of the New York State and Local Retirement System. From 1996-2003, Ms. Anglin worked in the New York State Assembly where she served as Director of Budget Studies for the Assembly Ways and Means Committee and as First Deputy Fiscal Director for the Committee. Ms. Anglin has also held the position of Econometrician in the Department of Taxation and Finance from 1992-1996 and began her career as an Economist for the Department of Environmental Conservation. Ms. Anglin holds a Bachelor of Arts degree and a Masters degree in Economics from the State University of New York at Albany.

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

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

The principal staff of the Authority is as follows:

DAVID D. BROWN, IV is the Executive Director and chief administrative and operating officer of the Authority. Mr. Brown is responsible for the overall management of the Authority's administration and operations. He previously served as Chief of the Investment Protection Bureau in the Office of the New York State Attorney General, supervising investigations of the mutual fund and insurance industries. From 2000 to 2003, Mr. Brown served as Vice President and Associate General Counsel at Goldman, Sachs & Co., specializing in litigation involving equities, asset management and brokerage businesses. Prior to that, he held the position of Managing Director at Deutsche Bank, where he served as the senior litigation attorney, managing major litigations and customer disputes. From 1994 to 1998, Mr. Brown was Managing Director and Counsel and senior litigation attorney for Bankers Trust Corporation. He holds a Bachelor's degree from Harvard College and a Juris Doctor degree from Harvard Law School. *Mr. Brown has resigned his position as Executive Director, effective the close of business on May 14, 2008; thereafter, current Deputy Executive Director, Michael T. Corrigan, shall serve as Acting Executive Director of the Authority until such time as a new Executive Director is appointed by the Members of the Board of the Authority.*

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

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of

existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

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

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

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

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2008A Bonds.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect the Authority and its operations. The Authority is not able to represent whether such bills will be

introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including the Authority) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect the Authority and its operations.

Environmental Quality Review

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

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2007. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 9 - LEGALITY OF THE SERIES 2008A BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2008A 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 2008A Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 10 - NEGOTIABLE INSTRUMENTS

The Series 2008A Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2008A Bonds.

PART 11 - TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2008A Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2008A Bonds. See "Appendix F - Form of Approving Opinion of Bond Counsel."

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and compliance with certain covenants, of the Authority and the University to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2008A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes and the opinions of General Counsel to the University regarding, among other things, the current qualification of the University as an organization described in section 501(c)(3) and exempt from taxation under section 501(a) of the Code. Neither Bond Counsel nor General Counsel to the University has given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Authority or the University. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed or refinanced

by the Series 2008A Bonds in a manner that is substantially related to the University's charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2008A Bonds to be included in gross income retroactively to the date of the issuance of the Series 2008A Bonds. Bond Counsel will not independently verify the accuracy of those certifications and representations made by the Authority or the University or the opinions rendered by General Counsel to the University.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2008A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS

The Code prescribes a number of qualifications and conditions for the interest on state and local obligations to be and to remain excluded from gross income for federal income purposes, some of which, require future or continual compliance after issuance of the Series 2008A Bonds in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Authority or the University may cause the interest on the Series 2008A Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of their issuance. The Authority and the University have each covenanted to take the actions required of it for the interest on the Series 2008A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2008A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2008A Bonds or the market prices of the Series 2008A Bonds.

A portion of the interest on the Series 2008A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2008A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2008A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2008A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2008A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress, and legislation affecting the exemption of interest thereon for purposes of taxation by the State may be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2008A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2008A Bonds will not have an adverse effect on the tax status of interest on the Series 2008A Bonds or the market value of the Series 2008A Bonds.

On November 5, 2007, the United States Supreme Court heard oral arguments in *Dep't of Revenue of Kentucky v. Davis*. In the *Davis* case, the Kentucky Court of Appeals held that Kentucky's exemption from taxation of interest on bonds issued by Kentucky or its political subdivisions and its taxation of interest on bonds issued by other states or their political subdivisions violates the Commerce Clause of the United States Constitution. The State exempts from taxation interest on bonds issued by the State or its political subdivisions and taxes interest on bonds issued by other states or their political subdivisions. It is not possible to predict how the United States Supreme Court will decide the *Davis* case or to predict any change in state law that would be occasioned by the United States Supreme Court's affirmance of the *Davis* decision, nor is it possible to predict the effect, if any, of that affirmance or any change in state law on the tax status of interest on the Series 2008A Bonds for state tax purposes or on the market value of the Series 2008A Bonds.

Prospective purchasers of the Series 2008A Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation, the *Davis* case and other court proceedings, and prospective purchasers of the Series 2008A Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

PART 12 - STATE NOT LIABLE ON THE SERIES 2008A BONDS

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2008A Bonds are not a debt of the State and that the State is not liable on them.

PART 13 - COVENANT BY THE STATE

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

PART 14 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2008A Bonds by the Authority are subject to the approval of Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2008A Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix F hereto.

Certain legal matters will be passed upon for the University by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York, and by its General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York. Certain legal matters will be passed upon for the Bank by its counsel, Windels Marx Lane & Mittendorf, LLP, New York, New York, and Eugene F. Collins, Esq., Irish Counsel.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2008A Bonds or questioning or affecting the validity of the Series 2008A Bonds or the proceedings and authority under which they are to be issued.

PART 15 - UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2008A Bonds from the Authority at an aggregate purchase price of \$96,674,657.50 and to make a public offering of Series 2008A Bonds at par. The Underwriter will be obligated to purchase all such Series 2008A Bonds if any are purchased.

The University has entered into an interest rate exchange agreement in connection with the Series 2008A Bonds with Merrill Lynch Capital Services, Inc., which is related to the Underwriter. See “PART 7 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Outstanding Indebtedness and Other Obligations.”

The Series 2008A Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

PART 16 - RATINGS

The Series 2008A Bonds are expected to be assigned a long-term rating of “Aaa” and a short-term rating of “VMIG 1”, subject to the issuance of the Letter of Credit by the Bank, by Moody’s Investors Service, Inc. The long-term rating is based upon a joint correlation of the credit of the University and the Bank. The short-term rating is based on the Letter of Credit issued by the Bank. An explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. There is no assurance that such ratings will prevail for any given period of time or that they will not be changed or withdrawn by such ratings agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2008A Bonds.

PART 17 - CONTINUING DISCLOSURE

The Series 2008A Bonds are, upon their issuance in the Weekly Rate Mode, exempt from Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, and the Authority, the University and the Bank will not be required to provide any continuing disclosure in accordance with the Rule.

PART 18 - MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Series 2008A Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit do not purport to be complete. Refer to the Act, the Resolution, the Bond Series Certificate, the Series 2008A Resolution, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit for full and complete details of their provisions. Copies of the Resolution, the Series 2008A Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2008A Bonds are fully set forth in the Resolution, the Series 2008A Resolution and the Bond Series Certificate. Neither any advertisement of the Series 2008A Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2008A Bonds.

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

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

The information regarding the Letter of Credit and the Bank under “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008A BONDS - The Letter of Credit” and “ - The Reimbursement Agreement” and “PART 6 - THE BANK” has been furnished by the Bank. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

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

“Appendix A - Certain Definitions,” “Appendix C - Summary of Certain Provisions of the Loan Agreement,” “Appendix D - Summary of Certain Provisions of the Resolutions and the Bond Series Certificate,” and “Appendix F - Form of Approving Opinion of Bond Counsel” have been prepared by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel.

“Appendix B - Financial Statements of Fordham University and Independent Auditors’ Report” contains the audited financial statements of the University as of and for the years ended June 30, 2007 and 2006 and the report of the University’s independent auditors, KPMG LLP, on such financial statements.

“Appendix E - Summary of Certain Provisions of the Reimbursement Agreement” has been prepared by Windels Marx Lane & Mittendorf, LLP, counsel to the Bank.

The University has reviewed the parts of this Official Statement describing the University, the Refunding Plan, the Estimated Sources and Uses of Funds, Principal and Interest Requirements and Appendix B. The University, as a condition to issuance of the Series 2008A Bonds, is required to certify that as of the date of this Official Statement and as of the date of issuance of the Series 2008A Bonds, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The University has agreed to indemnify the Authority, the 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 paragraph.

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

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

By: /s/ Michael T. Corrigan
 Authorized Officer

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CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

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

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

Act means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including, without limitation, by the Healthcare Financing Construction Act, being Title 4-B of the Public Authorities Law of the State of New York, 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 Schedule A attached to the Loan Agreement and made a part of the Loan Agreement.

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

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

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

Authority Available Moneys Account means the account so designated and established within the Purchase and Remarketing Fund pursuant to the Bond Series Certificate relating to the Series 2008A Bonds.

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

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

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director,

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

Available Moneys means, (a) whenever a Liquidity Facility is required by the Bond Series Certificate relating to the Series 2008A Bonds to be maintained for the Series 2008A Bonds:

(i) proceeds of any Series of Bonds, including, without limitation, Refunding Bonds, or proceeds of other bonds, notes or obligations, issued to refund the Series 2008A Bonds expressly available to pay the principal or Redemption Price of or interest on the Series 2008A Bonds, provided that, as to such proceeds, an opinion of counsel experienced in bankruptcy matters is delivered to the Trustee and each Rating Service then rating the Series 2008A Bonds to the effect that the payment of such proceeds to the holders of the Series 2008A Bonds would not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the holders of the Series 2008A Bonds under 11 U.S.C. § 550(a) if the Authority or the Institution were the debtor in a case under the Bankruptcy Code;

(ii) money derived from drawings under any Credit Facility or Liquidity Facility relating to the Series 2008A Bonds and the investment earnings thereon that are not commingled with any other moneys,

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

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

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

and (b) at any other time, any moneys.

Bond or Bonds when used in connection with the Resolution, means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution and, when used in connection with the Loan Agreement, means the Authority's Fordham University Revenue Bonds, Series 2008A.

Bond Counsel means Squire, Sanders & Dempsey L.L.P. or an attorney or other law firm appointed by the Authority with respect to a Series of Bonds, 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 a Series Resolution.

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

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

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

Business Day when used in connection with any particular Series 2008A Bonds means a day other than (a) a Saturday and Sunday or (b) a day on which any of the following are authorized or required to remain closed: (i) banks or trust companies chartered by the State of New York or the United States of America, (ii) the Trustee, (iii) the New York Stock Exchange, (iv) the Credit Facility Provider, (v) DTC or (vi) if such Series 2008A Bonds are in the Auction Rate Mode, the Auction Agent or a Broker-Dealer for such Series 2008A Bonds.

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

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

Construction Fund means the fund so designated and established by a Series Resolution pursuant to the Resolution.

Continuing Disclosure Agreement means the agreement, if any entered into in connection with the issuance of the Bonds, by and among the Authority, the Institution, Digital Assurance Certification LLC, as disclosure dissemination agent, and the Trustee, or such other parties thereto designated at such time, providing for continuing disclosure.

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

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of Bonds of a Series, 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, a Facility Provider or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Reserve Fund Facility, a Liquidity Facility, a Credit Facility, an Interest Rate Exchange Agreement or a Remarketing Agreement, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Cost or Costs of the Project means costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with a Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of a Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of a Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and

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assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of a Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of a Project, (vii) any sums required to reimburse the Institution or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with a Project (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds of a Series prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of a Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant to the Resolution or to the Loan Agreement, a Mortgage, a Liquidity Facility, Credit Facility, a Reserve Fund Facility, an Interest Rate Exchange Agreement or a Remarketing Agreement.

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

Credit Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Authority is entitled to obtain money to pay the principal and Sinking Fund Installments, if any, of and interest on particular Bonds whether or not the Authority is in default under the Resolution, which is issued or provided by:

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility in the Resolution. The initial Credit Facility for the Series 2008A Bonds is also the Initial Liquidity Facility. The initial Credit Facility for the Series 2008A Bonds means the Letter of Credit issued by Allied Irish Banks, p.l.c., New York Branch as used in connection with Series 2008A Bonds in the face amount sufficient to pay the principal amount of Series 2008A Bonds and number of days of interest thereon as required by any Rating Service rating the Series 2008A Bonds, in the form attached to the Reimbursement Agreement, or any Substitute Credit Facility delivered in accordance with the Bond Series Certificate relating to the Series 2008A Bonds. Any Credit Facility may also be a Liquidity Facility and the term “Credit Facility” as used in the Bond Series Certificate relating to the Bonds in connection with the purchase of Bonds tendered for purchase according to the Bond Series Certificate relating to the Bonds shall be deemed to mean “Liquidity Facility” when the Credit Facility shall also serve as a Liquidity Facility.

Credit Facility Account means the Credit Facility Account of the Debt Service Fund established pursuant to the Bond Series Certificate relating to the Series 2008A Bonds.

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

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

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

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

Credit Facility Provider means initially Allied Irish Banks, p.l.c., New York Branch, and thereafter any provider of a Credit Facility in accordance with the Resolution and the Bond Series Certificate relating to the Bonds.

Debt Service Fund means the fund so designated and established by a Series Resolution pursuant to the Resolution.

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

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

Deferred Income Bond means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on July 1 and January 1 of each Bond Year.

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

Event of Default when used in connection with the Resolution, means each event described in Section 11.02 of the Resolution summarized in Appendix D under the heading “**Events of Default**” and, when used in connection with the Loan Agreement, means each event described in Section 31(a) of the Loan Agreement summarized in Appendix C under the heading “**Defaults and Remedies.**”

Exempt Obligation means:

(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

Appendix A

or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two nationally recognized statistical rating services;

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

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

Facility Provider means the issuer of a Reserve Fund Facility, a Credit Facility or a Liquidity Facility.

Federal Agency Obligation means:

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

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

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

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

Government Obligation means:

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

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment 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.

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

Institution Payments Account means the Institution Payments Account of the Debt Service Fund established pursuant to the Bond Series Certificate relating to the Series 2008A Bonds.

Intercreditor Agreement means the Intercreditor Agreement relating to the Bonds by and among the Authority, the Trustee and the Credit Facility Provider.

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

Interest Rate Exchange Agreement means (i) an agreement entered into by the Authority or the Institution in connection with the issuance of or which relates to Bonds of a Series which provides that during the term of such agreement the Authority or the 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 equal to a principal amount of such Bonds and that the Counterparty is to pay to the Authority or 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 or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related hedge agreements or arrangements.

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

Liquidity Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, a surety bond, a loan agreement, a Standby Purchase Agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase accordance with the terms of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds, which is issued or provided by:

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a savings and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

A Liquidity Facility may also be a Credit Facility. The initial Credit Facility is also the initial Liquidity Facility.

Loan Agreement means a Loan Agreement or any other agreement, by and between the Authority and the Institution in connection with the issuance of a Series of Bonds, as the same shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement.

Maximum Annual Debt Service means on any date, when used with respect to the Bonds, the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year assuming that a Variable Interest Rate Bond bears interest at a fixed rate of interest equal to that rate which, in the reasonable determination of an Authorized Officer of the Authority, such Variable Interest Rate Bond would have had to bear as a fixed rate bond to be marketed at par on the date of its initial issuance.

Maximum Interest Rate (or Maximum Rate in the Loan Agreement) means, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond, that shall be the maximum rate at which such Bond may bear interest at any time; which in the case of the Series 2008A Bonds means twelve percent (12%) per annum; provided, however, that in no event shall the Rate at which any Series 2008A Bond bears interest exceed the maximum rate permitted by law.

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

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

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

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

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

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

Paying Agent means, with respect to a Series of Bonds, 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 Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Permitted Collateral means:

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

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

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

- (i) The lien of taxes and assessments which are not delinquent;
- (ii) The lien of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless thereby the property or the interest of the Authority therein may be in danger of being lost or forfeited;
- (iii) Minor defects and irregularities in the title to such property which do not in the aggregate materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;
- (iv) Easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;
- (v) Security interests, liens and other encumbrances to secure the purchase price of any equipment or furnishings; and
- (vi) Such other encumbrances, defects, and irregularities to which the prior written consent of the Authority and the Credit Facility Provider have been obtained.

Permitted Investments means:

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;
- (v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one nationally recognized statistical rating service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;
- (vi) Investment Agreements that are fully collateralized by Permitted Collateral; and
- (vii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Pledged Revenues means an amount equal to the Maximum Annual Debt Service from tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof.

Prior Pledges means the liens, pledges, charges, encumbrances and security interests in tuition and fees received by the Institution made and given pursuant to agreements entered into by the Institution in connection with

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the following indebtedness: (i) the Series 1990 Bonds; (ii) the Series 1998 Bonds; (iii) the Series 2002 Bonds; (iv) the Series 2004 Bonds; and (v) the Series 2005A Bonds.

Project, when used in the connection with the Resolution, means each “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of a Series of Bonds, as more particularly described in a Loan Agreement or a Series Resolution and, when used in connection with the Loan Agreement, means, as the context requires, (i) the refunding of the Series 2005A Bonds and the Series 2002 Bonds or (ii) each of the buildings and improvements, and the land appurtenant thereto, more particularly described in Schedule C to the Loan Agreement, acquired, constructed, reconstructed or otherwise renovated or improved with the proceeds of the Series 2005A Bonds, the Series 2002 Bonds, the Series 1998 Bonds, the Series 1994 Bonds, the Series 1990 Bonds and the Series 1985 Bonds; provided, however, such term does not include any of the foregoing if and to the extent that the Bonds are no longer Outstanding.

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

Purchase and Remarketing Fund means the Purchase and Remarketing Fund established pursuant to the Bond Series Certificate relating to the Series 2008A Bonds.

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

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

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

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized statistical rating service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized statistical rating service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized

to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility in connection with Outstanding Bonds of a Series;

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

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

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

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

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

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

Reimbursement Agreement means the agreement pursuant to which the provider of a Credit Facility (and Liquidity Facility, if applicable) has agreed to provide the Credit Facility (and the Liquidity Facility, if applicable), and initially means the Letter of Credit Reimbursement Agreement between Allied Irish Banks, p.l.c., New York Branch and the Institution, pursuant to which the initial Credit Facility Provider has agreed to provide the initial Credit Facility and the initial Liquidity Facility.

Related Agreements means, in connection with the Bonds, each Remarketing Agreement, any broker-dealer agreement, auction agent agreement and agreement entered into in connection with a Reserve Fund Facility, Credit Facility or Liquidity Facility, to which the Institution is a party, including without limitation, the Reimbursement Agreement.

Remarketing Agent means the person appointed by or pursuant to a Series Resolution authorizing the issuance of Option Bonds to remarket such Option Bonds tendered or deemed to have been tendered for purchase in accordance with such Series Resolution or the Bond Series Certificate relating to such Option Bonds, and initially means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

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

Remarketing Proceeds Account means the account so designated and established within the Purchase and Remarketing Fund pursuant to the Bond Series Certificate relating to the Series 2008A Bonds.

Reserve Fund Facility means a surety bond, insurance policy, letter of credit or other financial guaranty or instrument authorized by or pursuant to a Series Resolution establishing a Debt Service Reserve Fund to be delivered in lieu of or substitution of all or a portion of the moneys otherwise required to be held in such Debt Service Reserve Fund.

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Resolution means the Authority's Fordham University Revenue Bond Resolution, adopted by the Authority March 26, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

Revenues means, with respect to a Series of Bonds, all payments received or receivable by the Authority which pursuant to the applicable Loan Agreement are required to be paid to the Trustee for such Series of Bonds (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Arbitrage Rebate Fund), and all amounts received as a consequence of the enforcement of such Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon the Pledged Revenues for such Series of Bonds.

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 of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, if any, or other provisions.

Series 1985 Bonds means the Institution's allocable portion of the Dormitory Authority of the State of New York College and University Variable/Fixed Rate Insured Revenue Bonds, (1985 Pooled Capital Program), Series A.

Series 1990 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 1990.

Series 1994 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 1994.

Series 1998 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 1998.

Series 2002 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2002.

Series 2004 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2004.

Series 2005A Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2005A.

Series Resolution when used in connection with the Resolution, means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to Article II of the Resolution and, when used in connection with the Loan Agreement, means the Authority's Series Resolution Authorizing Up To \$105,000,000 Fordham University Revenue Bonds, Series 2008A adopted with respect to the Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms of the Resolution.

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

Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment.

Standby Purchase Agreement means, with respect to a Series of Bonds, an agreement pursuant to which a person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

State means the State of New York.

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

Substitute Credit Facility means a Credit Facility (as such term is defined in the Resolution) delivered to the Trustee in accordance with the Bond Series Certificate upon the expiration or earlier termination of a Credit Facility.

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

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

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

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

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

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

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

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

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

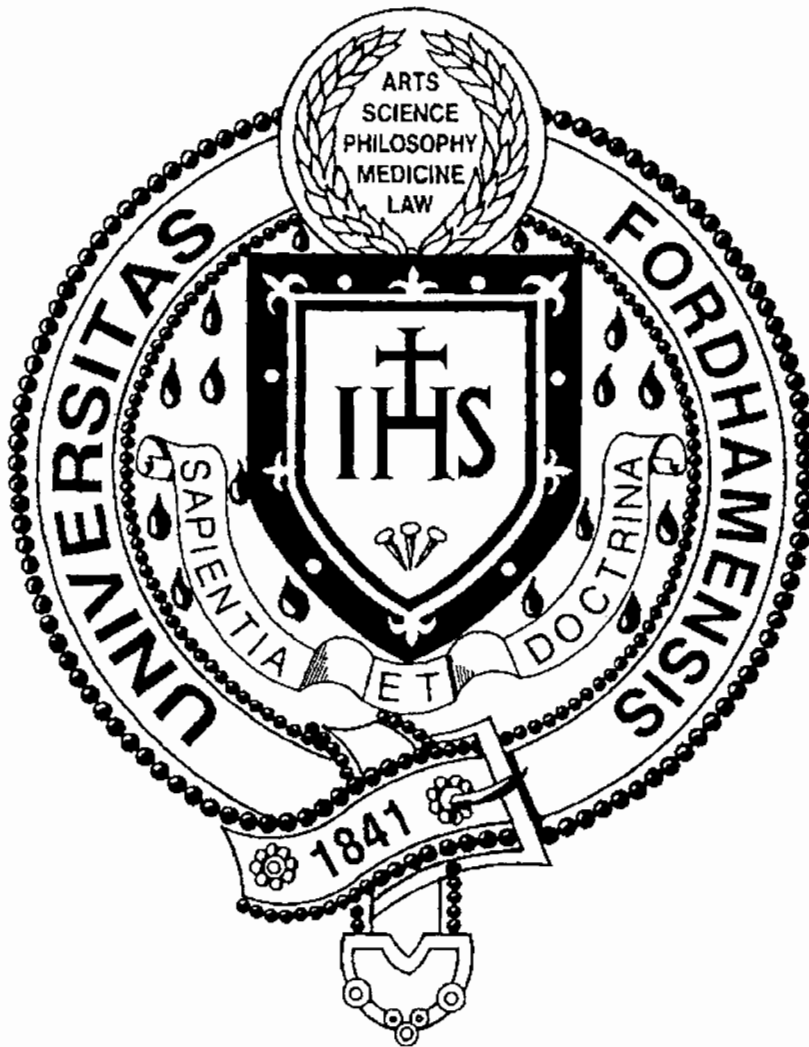
Variable Interest Rate Bond means any Bond of a Series which bears a Variable Interest Rate; provided, however, that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be a Variable Interest Rate Bond.

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

Appendix B

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FORDHAM UNIVERSITY



2007 FINANCIAL STATEMENTS
with Report of Independent Auditors



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Fordham University:

We have audited the accompanying statements of financial position of Fordham University as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fordham University as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 8 to the financial statements, the University adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of June 30, 2007.

KPMG LLP

October 5, 2007

Fordham University
Statements of Financial Position
As of June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalents	\$ 1,108,829	724,148
Accounts and grants receivable:		
Students, net (note 4)	14,981,332	14,029,568
Government	3,860,588	4,601,818
Other (note 14)	9,895,665	10,887,490
Contributions receivable, net (note 5)	32,221,309	33,903,772
Prepaid expenses and other assets (note 9)	9,502,497	9,614,270
Investments (note 3)	513,303,488	402,998,599
Student loans receivable, net (note 4)	14,548,298	14,015,311
Deposits with bond trustees (note 9)	5,474,490	5,194,298
Bond issuance costs (note 9)	4,287,705	4,607,792
Investment in plant assets, net (notes 6 and 9)	475,525,564	448,080,111
Total assets	<u>\$ 1,084,709,765</u>	<u>948,657,177</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 60,999,255	53,656,755
Loans payable (note 7)	10,000,000	—
Deferred revenues and deposits (note 6)	25,436,335	17,685,220
Amounts held for others	2,209,300	2,351,852
U.S. Government refundable advances	5,113,265	4,980,424
Postretirement benefits other than pensions (note 8)	42,772,000	33,261,000
Long-term debt (note 9)	199,413,865	203,797,895
Total liabilities	<u>345,944,020</u>	<u>315,733,146</u>
Commitments and contingent liabilities (notes 3, 9, 13, and 15)		
Net assets		
Unrestricted	394,970,990	335,406,950
Temporarily restricted (note 10)	179,237,812	151,530,325
Permanently restricted (note 10)	164,556,943	145,986,756
Total net assets	<u>738,765,745</u>	<u>632,924,031</u>
Total liabilities and net assets	<u>\$ 1,084,709,765</u>	<u>948,657,177</u>

See accompanying notes to financial statements.

Fordham University
Statements of Activities
For the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues		
Tuition and fees, net (note 11)	\$ 273,465,815	259,221,878
Government grants	22,680,137	18,920,926
Investment return (note 3)	17,711,427	13,818,486
Contributions and private grants	22,063,881	21,092,203
Auxiliary enterprises, net (note 11)	49,329,915	47,997,883
Other revenues (note 14)	9,720,851	18,448,692
Net assets released from restrictions	<u>7,384,476</u>	<u>7,265,764</u>
Total operating revenues	<u>402,356,502</u>	<u>386,765,832</u>
Operating expenses (note 12)		
Program services		
Instruction	143,943,265	137,020,872
Research	8,761,642	9,186,686
Public service	10,172,023	7,079,306
Academic support	54,693,133	51,157,027
Student services	46,460,248	42,806,231
Auxiliary enterprises	<u>52,162,038</u>	<u>49,649,601</u>
Total program services	316,192,349	296,899,723
Supporting services		
Institutional support	<u>52,972,192</u>	<u>50,875,139</u>
Total operating expenses	<u>369,164,541</u>	<u>347,774,862</u>
Net operating revenue	33,191,961	38,990,970
Nonoperating activities		
Investment return (note 3)	33,755,664	7,643,270
Effect of refunding and defeasance of debt (note 9)	—	(7,358,065)
Change in value of interest rate swap (note 9)	(406,500)	6,105,379
Marymount College closing expenses (note 16)	<u>(1,108,085)</u>	<u>(4,014,677)</u>
Increase in net assets before effects of changes in accounting principles	65,433,040	41,366,877
Effect of adoption of FASB Statement No. 158 (note 8)	(5,869,000)	—
Cumulative effect of a change in accounting principle (note 17)	—	(3,190,038)
Increase in unrestricted net assets	<u>59,564,040</u>	<u>38,176,839</u>

(Continued)

Fordham University
Statements of Activities
For the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Changes in temporarily restricted net assets		
Contributions and private grants	\$ 8,882,917	9,777,103
Investment return (note 3)	26,209,046	15,296,239
Net assets released from restrictions	(7,384,476)	(7,265,764)
Change in provision on contributions receivable	<u>—</u>	<u>(1,147,563)</u>
Increase in temporarily restricted net assets	<u>27,707,487</u>	<u>16,660,015</u>
Changes in permanently restricted net assets		
Contributions	17,028,063	17,941,152
Investment return (note 3)	723,137	597,954
Appreciation in fair value of perpetual trust (note 5)	1,053,000	25,000
Change in provision on contributions receivable	<u>(234,013)</u>	<u>(1,127,084)</u>
Increase in permanently restricted net assets	<u>18,570,187</u>	<u>17,437,022</u>
Increase in net assets	105,841,714	72,273,876
Net assets at beginning of year	<u>632,924,031</u>	<u>560,650,155</u>
Net assets at end of year	<u>\$ 738,765,745</u>	<u>632,924,031</u>

See accompanying notes to financial statements.

Fordham University
Statements of Cash Flows
For the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Increase in net assets	\$ 105,841,714	72,273,876
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Effects of changes in accounting principles	5,869,000	3,190,038
Net gains on investments	(69,348,844)	(30,765,678)
Effect of refunding and defeasance of debt	—	7,358,065
Gain on sale of NIT rights	—	(7,841,729)
Provision for doubtful student accounts	390,718	178,435
Change in provision on contributions receivable	234,013	2,274,647
Depreciation of plant assets	27,296,991	23,720,967
Amortization of bond issue costs and original issue discount/premium	125,532	444,233
Appreciation in fair value of perpetual trust	(1,053,000)	(25,000)
Contributions and investment income restricted for permanent investment	(17,199,034)	(18,131,617)
Contributions of marketable securities	(8,510,590)	(2,027,225)
Contributions and grants restricted for physical facilities	(9,441,513)	(6,285,596)
Contribution of artwork	(3,255,560)	—
Change in value of interest rate swap	406,500	(6,105,379)
Changes in operating assets and liabilities:		
Accounts and grants receivable	(659,427)	(2,937,097)
Contributions receivable, net of permanently restricted component	691,730	(1,383,128)
Prepaid expenses and other assets	(294,727)	(290,239)
Accounts payable and accrued expenses	7,342,500	9,259,360
Deferred revenues and deposits	7,751,115	788,669
Amounts held for others	(142,552)	(372,065)
Postretirement benefits other than pensions	3,642,000	7,435,000
Net cash provided by operating activities	<u>49,686,566</u>	<u>50,758,537</u>
Cash flows from investing activities		
Purchases of investments	(180,591,809)	(187,386,731)
Sales of investments	148,146,354	168,689,126
Purchases of plant assets	(48,621,959)	(69,486,922)
Increase in student loans receivable, net	(532,987)	(476,598)
Proceeds and payment of receivable from sale of NIT rights	1,050,000	1,100,000
Net cash used in investing activities	<u>(80,550,401)</u>	<u>(87,561,125)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	—	95,750,000
Bond issuance costs	—	(2,296,477)
Contributions and investment return restricted for permanent investment	17,199,034	18,131,617
Contributions and grants restricted for physical facilities	9,441,513	6,285,596
Decrease (increase) in permanently restricted contributions receivable	1,809,720	(118,547)
Increase in U.S. Government refundable advances	132,841	136,494
Proceeds from borrowing under line of credit	10,000,000	—
Retirement and defeasance of long-term debt	(7,054,400)	(101,761,387)
(Increase) decrease in deposits with bond trustees	(280,192)	21,039,797
Net cash provided by financing activities	<u>31,248,516</u>	<u>37,167,093</u>
Net increase in cash and cash equivalents	384,681	364,505
Cash and cash equivalents at beginning of year	724,148	359,643
Cash and cash equivalents at end of year	<u>\$ 1,108,829</u>	<u>724,148</u>
Supplemental disclosures		
Interest paid	<u>\$ 8,186,029</u>	<u>8,380,218</u>
Acquisition of equipment through capitalized leases	<u>\$ 2,864,925</u>	<u>3,637,490</u>

See accompanying notes to financial statements.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(1) Nature of Operations

Fordham University (the University) is an independent, not-for-profit, coeducational, nonsectarian institution of higher learning in the Jesuit tradition located in the City of New York. The University was founded in 1841 and was granted its charter in 1846 by the State of New York. It is exempt from Federal income taxes under the provisions of the Internal Revenue Code, as an organization described in Section 501(c)(3).

The central mission of the University is the discovery of Wisdom and the transmission of Learning, through research and through undergraduate, graduate and professional education of the highest quality. Guided by its Catholic and Jesuit traditions, Fordham fosters the intellectual, moral, and religious development of its students and prepares them for leadership in a global society.

The University is accredited by the Middle States Association of Colleges and Schools and presently serves approximately 8,200 undergraduate students and 7,000 graduate and professional students.

(2) Summary of Significant Accounting Policies

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

Financial Statement Presentation

The University prepares its financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes of net assets as follows:

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

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

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

Revenues and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period are reported as unrestricted revenues. Expiration of temporary restrictions on prior year net asset balances are reported as net assets released from restrictions.

Contributions, including unconditional promises to give, are reported as revenues in the period received, net of an allowance for uncollectible amounts. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are presented at their discounted present value at a risk-free rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Grants are reported as revenue when expenses are incurred in accordance with the terms of the agreement.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

Amounts received in advance are recorded as deferred revenue.

Contributions of property and equipment are reported as increases in unrestricted net assets unless the donor places restrictions on their use.

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

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of permanently restricted net assets;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the income or net gains; and
- As increases in unrestricted net assets in all other cases.

Operating Activities

Operating activities in the accompanying statements of activities include all unrestricted revenues earned and all expenses incurred by the University except for return on investments in excess of (less than) the amount authorized for expenditure by the board of trustees, and certain nonrecurring activities (generally capital related transactions).

Cash Equivalents

Cash equivalents include investments with maturities of three months or less at time of purchase, except for such investments purchased by the University's investment managers as part of their investment strategies.

Investment in Plant Assets

The carrying value of land is based upon a determination by the University of the fair value of land owned as of June 30, 1958. Subsequent additions have been capitalized at cost or fair market value at the date of donation in the case of gifts.

The carrying value of land improvements and buildings and building improvements constructed or acquired prior to June 30, 1969 and furnishings and equipment acquired prior to 1989 is based upon historical cost as estimated by an independent appraiser in 1989. The carrying value of buildings constructed and building improvements made after June 30, 1969 is based upon historical cost or fair market value at the date of donation in the case of gifts. Additions of furnishings and equipment subsequent to the 1989 appraisal and library collections are capitalized at cost or fair market value at the date of donation in the case of gifts.

Depreciation of plant assets is computed on a straight-line basis over their estimated useful lives. No depreciation is computed in the year assets are acquired and a full year's depreciation is computed in the year of disposition. Depreciable lives of land improvements and buildings and building improvements range from 5 to 60 years and depreciable lives of furnishings, equipment, and library collections range from 3 to 30 years.

Deferred Revenues and Deposits

Deferred revenues and deposits include tuition and student deposits related to programs applicable to the next fiscal year and grants received in advance of incurring related expenses.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

U.S. Government Refundable Advances

Funds provided by the U.S. Government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are presented in the accompanying statements of financial position as a liability.

Fair Value of Financial Instruments

The carrying amount of all of the University's financial instruments other than loans receivable from students under government loan programs and long-term debt approximates fair value.

A reasonable estimate of the fair value of loans receivable from students under government loan programs (approximately \$5,285,000 and \$5,179,000 at June 30, 2007 and 2006, respectively) could not be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

The fair value of long-term debt approximated \$187,351,000 and \$192,788,000 at June 30, 2007 and 2006, respectively. This amount was estimated by discounting the future cash flows associated with such debt by current market rates for loans with similar maturities and credit quality.

Derivative Instruments

The University accounts for derivative instruments in accordance with FASB's SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 133 requires that all derivative financial instruments be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. The fair value of the derivatives held is based upon values provided by third party financial institutions.

Expenses

Expenses are reported as decreases in unrestricted net assets. Costs related to the operation and maintenance of the physical plant, including depreciation of plant assets, are allocated to program (which includes instruction, research, public service, academic support, student services, and auxiliary enterprises) and supporting services (institutional support, which includes management and general and fund-raising expenses) based upon the useable square footage of such facilities. Interest expense is allocated to program and supporting services based upon the purposes of loan or bond proceeds.

Accounting 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 and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain 2006 amounts have been reclassified to conform to the current year presentation.

Other Significant Accounting Policies

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

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(3) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices or upon values provided by the University's external investment managers. Investments in limited partnerships are reflected at fair value as estimated and reported by general partners, based upon the underlying net assets of the fund or partnership. These estimated values are reviewed and evaluated by the University. At June 30, 2007 and 2006, the underlying investments of the limited partnerships consist principally of securities having readily available market quotations, often in long and short positions. In certain partnerships, including some funds of funds, the underlying investments are generally not actively traded at the time of investment. In these instances, estimated values may differ from the values that would have been reported had a ready market for these securities existed. The following tabulation summarizes the composition of investments at June 30, 2007 and 2006:

	2007		2006	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 31,801,015	31,801,015	12,614,075	12,614,075
U.S. Government obligations	2,448,318	2,254,168	1,524,814	1,503,289
Corporate stocks	118,367,492	161,644,335	130,953,905	164,536,370
Corporate bonds	1,069,085	1,196,720	1,497,388	1,424,302
Equity mutual funds	59,207,090	75,651,961	51,002,960	53,540,271
Bond mutual funds	2,384,267	2,368,715	2,418,429	2,363,739
Limited partnerships	203,381,472	235,997,969	147,983,525	164,581,379
Other	2,075,002	2,388,605	2,261,513	2,435,174
Total	\$ 420,733,741	513,303,488	350,256,609	402,998,599

At June 30, 2007, the University had unfunded commitments to limited partnerships of approximately \$16 million.

The University maintains an investment pool for substantially all of its investments. The pool is managed to achieve the maximum prudent long-term total return. The University's board of trustees has authorized a policy designed to preserve the value of these investments in real terms (after inflation) and provide a predictable flow of funds to support operations. This policy permits the use of total return at a rate (spending rate) of 4.0%, of the average quarterly fair value during the three preceding calendar years for the permanently restricted and other board-designated portions of the pool. Operating investment return for the years ended June 30, 2007 and 2006 includes an additional \$3,500,000 and \$2,700,000, respectively, authorized by the board of trustees.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

The following summarizes the University's total investment return and its classification in the financial statements for the years ended June 30, 2007 and 2006:

	2007			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest (net of expenses of \$1,808,020)	\$ 6,767,245	2,112,214	170,971	9,050,430
Net realized gain on sale of investments	19,839,211	9,520,488	161,388	29,521,087
Net change in unrealized appreciation on investments	<u>24,860,635</u>	<u>14,576,344</u>	<u>390,778</u>	<u>39,827,757</u>
Total return on investments	51,467,091	26,209,046	723,137	78,399,274
Investment return recognized in operating activities	<u>17,711,427</u>	—	—	<u>17,711,427</u>
Investment return greater than amounts recognized in operating activities	<u>\$ 33,755,664</u>	<u>26,209,046</u>	<u>723,137</u>	<u>60,687,847</u>
	2006			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest (net of expenses of \$1,553,776)	\$ 3,705,775	2,694,029	190,467	6,590,271
Net realized gain on sale of investments	23,464,996	17,761,616	201,699	41,428,311
Net change in unrealized appreciation on investments	<u>(5,709,015)</u>	<u>(5,159,406)</u>	<u>205,788</u>	<u>(10,662,633)</u>
Total return on investments	21,461,756	15,296,239	597,954	37,355,949
Investment return recognized in operating activities	<u>13,818,486</u>	—	—	<u>13,818,486</u>
Investment return greater than amounts recognized in operating activities	<u>\$ 7,643,270</u>	<u>15,296,239</u>	<u>597,954</u>	<u>23,537,463</u>

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(4) Allowances for Uncollectible Accounts and Loans Receivable

Accounts receivable from students are reported net of an allowance for uncollectible accounts of approximately \$9,059,000 and \$9,322,000 at June 30, 2007 and 2006, respectively.

Student loans receivable are net of an allowance for uncollectible amounts of approximately \$2,761,000 and \$2,660,000 at June 30, 2007 and 2006, respectively.

(5) Contributions Receivable

Contributions receivable consist of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Amounts expected to be collected in:		
Less than one year	\$ 12,019,574	11,639,783
One to five years	18,577,303	21,858,648
More than five years	871,200	1,922,628
	<u>31,468,077</u>	<u>35,421,059</u>
Less allowance for uncollectible amounts	(8,577,578)	(8,712,443)
Less discount to present value (ranging from 2.5% to 5%)	<u>(1,643,446)</u>	<u>(2,384,338)</u>
Subtotal	21,247,053	24,324,278
Funds held in perpetual trust	7,628,000	6,575,000
Charitable remainder trusts	<u>3,346,256</u>	<u>3,004,494</u>
	<u>\$ 32,221,309</u>	<u>33,903,772</u>

Seven pledges accounted for 59% and 58% of gross contributions receivable at June 30, 2007 and 2006, respectively.

The University is a one-thirteenth income beneficiary of a perpetual trust managed by an outside trustee. The present value of the estimated future cash receipts from the trust (which is equivalent to the University's interest in the current fair value of the trust) is recorded as contributions receivable. Changes in the underlying fair value of the assets of the trust are recorded as appreciation/depreciation in fair value of perpetual trust in the accompanying financial statements. Distributions from the trust are recorded as temporarily restricted revenue in the year received.

The University is also a beneficiary of a number of irrevocable charitable remainder trusts held by others. At the dates these charitable remainder trusts are established or the University becomes aware of their existence, contribution revenue and receivables are recognized at the present value of the estimated future benefits to be received when the trust assets are distributed. The receivable is adjusted during the term of the trusts for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(6) Plant Assets

Plant assets at June 30, 2007 and 2006 consist of the following:

	<u>2007</u>	<u>2006</u>
Land and land improvements	\$ 35,603,004	36,395,179
Buildings and building improvements	478,477,200	416,677,628
Furnishings, equipment, and library collections	166,026,612	154,841,878
Construction in progress	21,303,624	46,192,067
Total	<u>701,410,440</u>	<u>654,106,752</u>
Less accumulated depreciation	<u>(225,884,876)</u>	<u>(206,026,641)</u>
	<u>\$ 475,525,564</u>	<u>448,080,111</u>

On June 30, 2005, Fordham University entered into an agreement to sell a portion of its real property located in Manhattan at a price expected to exceed \$150 million. It is anticipated that a luxury residential condominium would be built on this site by a private developer. With this agreement, the purchaser provided the University with a \$5 million letter of credit which was redeemed by the University in July 2006 and is included in deferred revenues and deposits at June 30, 2007. If the purchase is not completed for certain reasons outlined in the agreement, the University may be required to repay part or all of the \$5 million. Additionally, once the City Planning Commission has issued the Certification of Completeness with respect to the Zoning Applications, the University shall be entitled to a second letter of credit totaling \$5 million.

(7) Loans Payable

The University has three unsecured lines of credit, which, at June 30, 2007, provide up to \$50 million of short-term financing. Borrowings against these credit lines bear interest at rates equal to the 30-day LIBOR rate plus 0.50% at the date of the loan. The University had \$10 million outstanding at June 30, 2007.

(8) Pension and Other Postretirement Benefits

Employees of the University are covered under the Teachers Insurance and Annuity Association College Retirement Equities Fund, a defined contribution plan. Contributions by the University range from 5% to 11% of an employee's earnings and are determined by the employee's level of earnings and length of service. The University's contributions for retirement benefits for its employees totaled approximately \$11,111,000 and \$10,667,000 for the years ended June 30, 2007 and 2006, respectively.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

In addition to providing pension benefits, the University provides certain health care and life insurance benefits for retired faculty and administrative employees who meet certain minimum age and length of service requirements. Effective June 30, 2007, the University adopted FASB Statement No. 158, *Employers' Accounting for Defined Benefit and Other Postretirement Plans* (SFAS 158), which requires that the funded status of such plans be fully reflected on the balance sheet. The following provides a summary of this unfunded plan as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 46,784,000	45,968,000
Service cost	2,367,000	3,349,000
Interest cost	2,506,000	2,351,000
Plan participants' contributions	160,000	112,000
Actuarial net gain	(7,547,000)	(3,581,000)
Benefits paid	<u>(1,498,000)</u>	<u>(1,415,000)</u>
Benefit obligation at end of year	<u>\$ 42,772,000</u>	<u>46,784,000</u>
Funded status	\$ (42,772,000)	(46,784,000)
Unrecognized net actuarial losses	<u>—</u>	<u>13,523,000</u>
Accrued postretirement benefit cost	<u>\$ (42,772,000)</u>	<u>(33,261,000)</u>
Components of net periodic benefit cost:		
Service cost	\$ 2,367,000	3,349,000
Interest cost	2,506,000	2,351,000
Amortization of prior service cost	—	61,000
Amortization of net loss	<u>107,000</u>	<u>2,977,000</u>
Net periodic benefit cost	<u>\$ 4,980,000</u>	<u>8,738,000</u>

Prior to recognizing the effect of adopting SFAS 158, unrecognized actuarial losses totaled \$5,869,000. This amount has been reported in the 2007 statement of activities as the effect of adoption of FASB Statement No. 158, decreasing unrestricted net assets and increasing the liability at June 30, 2007 from \$36,903,000 to \$42,772,000. The \$5,869,000 has not yet been recognized as a component of net periodic benefit cost included in operating expenses, however, it is estimated that \$177,000 of the losses will be included as a component of net periodic benefit cost in fiscal 2008.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

Information with respect to plan assumptions and estimated future benefit payments follows:

	<u>2007</u>	<u>2006</u>
Benefit obligation weighted average assumptions as of June 30:		
Discount rate	6.25%	6.50%
Rate of compensation increase	3.00%	3.00%
Benefit cost weighted average assumptions for the years ended June 30, 2007 and 2006:		
Discount rate	6.50%	5.25%
Health care cost trend:		
Assumed for the next year	9.00%	9.5%
Ultimate rate	5.0%	5.00%
Year that the ultimate rate is reached	2015	2015
Discount rate	6.50%	5.25%

The health care cost trend rate assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects as of and for the year ended June 30, 2007:

	<u>1-percentage- point increase</u>	<u>1-percentage- point decrease</u>
Effect on total of service and interest cost components	\$ 943,000	(758,000)
Effect on postretirement benefit obligation	5,716,018	(4,790,246)

Estimated future benefit payments reflecting expected future service for the fiscal years ending:	<u>Gross Benefit Payments</u>	<u>Gross Subsidy Receipts</u>	<u>Net Benefit Payments</u>
2008	\$ 1,734,000	221,000	1,513,000
2009	1,932,000	253,000	1,679,000
2010	2,141,000	285,000	1,856,000
2011	2,351,000	321,000	2,030,000
2012	2,599,000	361,000	2,238,000
2013 to 2017	16,250,000	2,334,000	13,916,000

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(9) Long-Term Debt

Long-term debt at June 30, 2007 and 2006 is summarized as follows:

	<u>2007</u>	<u>2006</u>
Liability under bonds of the Dormitory Authority of the State of New York	\$ 193,495,214	197,569,768
Other notes payable	2,077,596	2,190,476
Capitalized lease obligations	<u>3,841,055</u>	<u>4,037,651</u>
	<u>\$ 199,413,865</u>	<u>203,797,895</u>

The Dormitory Authority of the State of New York (DASNY) bonds (Series 2005, 2004, 2002, 1998, and 1990) mature in varying amounts through July 1, 2032. In September 2005, Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2005A were issued for \$95,750,000 to defease portions of certain maturities of the Series 1998 and Series 2002 issues and to pay the costs of issuance of the Series 2005A bonds, including the premium for a financial guaranty insurance policy. Despite the projection of significant future economic benefit, the advance refunding defeasance of the 1998 and 2002 issues resulted in an accounting loss of approximately \$7,358,000, which reflects the escrowing of an amount in excess of the bond principal to be retired, as well as the write-off of associated bond issuance costs and premium. The loss is reported as a nonoperating charge in the 2006 statement of activities. The Series 2005A bonds were issued as variable interest rate bonds bearing interest at an auction rate mode. At the option of the University and according to the bond agreement, any portion of the auction rate bonds may be converted to another rate mode, including a fixed rate mode.

In September 2005, the University entered into an interest rate exchange agreement (swap) with Merrill Lynch Capital Services, Inc. with a notional amount of \$95,750,000 for the purpose of creating a synthetic fixed rate on the Series 2005A bonds. Under the terms of the agreement, the University pays a fixed rate of 3.24%, determined at inception, and receives 67% of the 1-month LIBOR on the notional principal amount (\$95,750,000 at June 30, 2007). The fair value of the swap at June 30, 2007 and 2006 approximated \$5,698,000 and \$6,105,000, respectively, which is included in prepaid expenses and other assets in the statements of financial position, and the change in value is reported in the statements of activities.

Interest rates on the bonds range from 2.0% to 7.2% per annum. The bonds are secured by mortgages on certain of the University's property and, in certain cases, by pledges of dormitory and tuition revenues equal to the annual debt service requirements on the bonds. At June 30, 2007 and 2006, bonds payable include an unamortized net premium of \$4,355,214 and \$4,549,769, respectively. Bond issuance costs of \$4,287,705 and \$4,607,792 at June 30, 2007 and 2006, respectively, are being amortized over the term of the bonds.

Capitalized lease obligations relate to computer equipment purchased by the University and bear interest at rates ranging from 2% to 14% per annum.

Subsequent to June 30, 2007, in connection with the University's construction of residential facilities on its Rose Hill campus (the Project), the Board of Trustees authorized borrowing, through the Dormitory Authority of the State of New York, a maximum amount of \$85,000,000, at a rate not to exceed 5.00% per annum, for up to 30 years.

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

The combined aggregate amounts of payments on the bonds, notes, and capitalized leases and building and equipment reserve payments for each of the next five years and thereafter are as follows:

	<u>Bonds and notes principal</u>	<u>Capital lease principal</u>	<u>Interest</u>	<u>Total</u>
Year:				
2008	\$ 5,351,292	2,586,426	7,919,854	15,857,572
2009	6,879,807	1,254,629	7,421,354	15,555,790
2010	7,203,428	—	6,996,226	14,199,654
2011	7,547,159	—	6,651,255	14,198,414
2012	7,866,002	—	6,289,613	14,155,615
Thereafter	<u>156,369,908</u>	<u>—</u>	<u>57,454,079</u>	<u>213,823,987</u>
	<u>\$ 191,217,596</u>	<u>3,841,055</u>	<u>92,732,381</u>	<u>287,791,032</u>

Total interest expense on long-term debt and loans payable amounted to approximately \$8,109,000 and \$8,342,000 for the years ended June 30, 2007 and 2006, respectively.

The University is required to establish and deposit with bond trustees certain funds for the benefit of bondholders, and to fulfill construction commitments. The funds are invested, principally in U.S. Government obligations, by the trustees until withdrawn to affect the purposes for which they were generated. Deposits held by bond trustees consist of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Debt Service Funds	\$ 459,738	427,398
Building and Equipment Reserve Funds	4,559,523	4,338,238
Construction Funds	265,775	253,405
Arbitrage Funds	<u>189,454</u>	<u>175,257</u>
	<u>\$ 5,474,490</u>	<u>5,194,298</u>

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2007 and 2006 are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Instruction	\$ 43,952,342	36,668,960
Research	7,108,961	7,015,051
Public service	10,762,624	10,395,663
Academic support	42,635,157	41,616,669
Scholarships and fellowships	55,961,442	46,407,691
Other	18,817,286	9,426,291
Total	<u>\$ 179,237,812</u>	<u>151,530,325</u>

Permanently restricted net assets at June 30, 2007 and 2006 are restricted to investment in perpetuity, with investment return available to support the following activities:

	<u>2007</u>	<u>2006</u>
Instruction	\$ 40,702,921	31,824,680
Public service	8,615,340	8,647,488
Academic support	13,854,727	13,610,285
Scholarships and fellowships	86,718,796	78,357,687
General operations	14,665,159	13,546,616
Total	<u>\$ 164,556,943</u>	<u>145,986,756</u>

(11) Financial Aid

Tuition and fees and auxiliary enterprises revenues are presented net of amounts awarded to students to defray their cost of attending the University as follows:

	<u>2007</u>	<u>2006</u>
Tuition and fees	\$ 93,812,438	90,996,404
Room and board	1,731,319	1,755,727
	<u>\$ 95,543,757</u>	<u>92,752,131</u>

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(12) Expenses

Expenses are reported in the accompanying statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction, research, and public service. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program services. Institutional support includes approximately \$4,700,000 and \$4,000,000 of fund-raising expenses in 2007 and 2006, respectively. For purposes of reporting fund-raising expenses, the University includes only those fund-raising costs incurred by its development office.

(13) Operating Leases

In September 2005, the University entered into an operating lease expiring on April 30, 2016 as the lessee of property at 888 Seventh Avenue, New York, New York. Rent and related expense for this lease was \$1,279,550 and \$959,662 in 2007 and 2006, respectively.

In April 2006, the University entered into an operating lease expiring March 31, 2026 as the lessee of property at 3450 Wayne Avenue, Bronx, New York. Rent and related expense for this lease was \$102,765 and \$25,500 in 2007 and 2006, respectively.

In April 2007, the University entered into an operating lease expiring June 30, 2017 as the lessee of property at 1790 Broadway, New York, New York. Rent and related expense for this lease was \$83,852 in 2007. The following is a schedule by year of future minimum rental payments as of June 30, 2007.

Year ending June 30:		888 Seventh Avenue	3450 Wayne Avenue	1790 Broadway	Total Minimum Lease Payments
2008	\$	1,400,090	105,331	528,000	2,033,421
2009		1,400,090	106,415	880,000	2,386,505
2010		1,400,090	107,512	1,056,000	2,563,602
2011		1,421,797	108,619	1,056,000	2,586,416
2012		1,530,331	109,738	1,056,000	2,696,069
2013 and thereafter		5,866,268	1,731,327	5,610,000	13,207,595

Fordham University

Notes to Financial Statements

As of and for the years ended June 30, 2007 and 2006

(14) Gain on Sale of NIT Tournament Rights

In August 2005, the Metropolitan Intercollegiate Basketball Association (MIBA), a membership organization that owned the rights to the National Invitational Basketball Tournament (NIT), and the National Collegiate Athletic Association (NCAA) entered into an agreement whereby the NCAA agreed to acquire certain assets of MIBA. In consideration, each of the MIBA five member schools, including the University, will receive approximately \$10 million over a ten year period beginning in August 2005. In 2006, the University recognized an operating gain of approximately \$7,842,000. Other accounts receivable includes approximately \$6,210,000 and \$6,785,000 at June 30, 2007 and June 30, 2006, respectively, representing the present value of the expected future payments.

(15) Contingent Liabilities

The University is a defendant in various lawsuits arising in the normal course of business. Management of the University does not expect the ultimate resolution of these actions to have a material adverse effect on the University's financial position.

(16) Marymount College

Marymount College ceased operations following the 2006-2007 academic year. The College of Liberal Studies and several graduate programs will continue to operate at the Marymount College Campus. In 2007, Marymount College's net tuition revenue approximated \$4.6 million, or less than 2% of the University's tuition and fees, net.

Subsequent to June 30, 2007, the Board of Trustees authorized University management to begin the process of seeking a buyer for the Marymount College campus.

(17) Cumulative Effect of Change in Accounting Principle

In March 2005, the FASB issued Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations*. Under FIN 47, costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets are required to be accrued. The University identified asbestos abatement as a conditional asset retirement obligation, using a per square foot estimate, and computed the present value of remediation costs to be approximately \$3,190,000. The associated asset was deemed to be fully depreciated and, accordingly, the entire liability was recorded as the cumulative effect of a change in accounting principle in the accompanying 2006 statement of activities.

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of the Project

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

(Section 5)

Amendment of the Project

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

(Section 6)

Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or the Series Resolution or under the Loan Agreement, including, without limitation, moneys in the Debt Service Fund (but excluding any moneys from a draw under a Credit Facility), and interest accrued but unpaid on investments held in the Debt Service Fund, the Institution unconditionally agrees to pay or cause to be paid, so long as the Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

- (i) On or before the date of delivery of the Bonds, the Authority Fee as set forth in Schedule B attached to the Loan Agreement;
- (ii) On or before the date of delivery of the Bonds, such amount, if any, as is required, in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of the Bonds, and other costs in connection with the issuance of the Bonds;

Appendix C

(iii) In the case of Variable Interest Rate Bonds, on or before the tenth (10th) day of each month, an amount equal to the interest coming due on such Variable Interest Rate Bonds on all Interest Payment Dates in the next succeeding month, assuming that such Variable Interest Rate Bonds will, during such next succeeding month, bear interest at the rate borne by such Variable Interest Rate Bonds on the last day of the month immediately preceding the month of payment by the Institution plus one percent (1%) per annum;

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on the Bonds, becomes due, one sixth (1/6) of the interest coming due on the Bonds, other than Variable Interest Rate Bonds, on the immediately succeeding interest payment date; **provided, however**, that, if with respect to such Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date, the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

(v) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July immediately preceding the July 1 on which the principal or a Sinking Fund Installment of Bonds becomes due, one twelfth (1/12) of the principal and Sinking Fund Installment on the Bonds coming due on such July 1; **provided, however**, that, if with respect to the Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due on such Bonds, on each payment date prior to such July 1, the Institution shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments of such Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1;

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

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

(viii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to provisions of the Loan Agreement summarized in paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to provisions of the Loan Agreement summarized under the headings “**Covenant as to Insurance**” and “**Taxes and Assessments**” below and other provisions of the Loan Agreement relating to indemnity by the Institution, (C) 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, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, Credit Facility or Liquidity Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (F) to pay any Provider Payments then due and unpaid;

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

(x) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds;

(xi) By 5:00 P.M., New York City time, on the day notice thereof is given to the Institution by the Authority or the Trustee, the amount, in immediately available funds, required to pay the purchase price of Option Bonds (if such Option Bonds are by their terms required to be purchased with monies paid by the Institution) tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from moneys to be made available pursuant to a Liquidity Facility; provided, however, that if such notice is given to the Institution by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 12:30 P.M., New York City time, on such day; provided, further, that, if such notice is given to the Institution after 3:00 P.M., New York City time, then such amount shall be paid, in immediately available funds, by 10:00 A.M., New York City time, on the next succeeding day; and

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

(xiii) Promptly after notice from the Trustee, the Authority, or the Credit Facility Provider, if the amount on deposit in the Credit Facility Repayment Fund (as such term is defined in the Bond Series Certificate relating to the Bonds) is insufficient to reimburse the Credit Facility Provider for an amount drawn upon the Credit Facility, the amount required to reimburse the Credit Facility Provider; and

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

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to provisions of the Loan Agreement summarized in paragraph (a)(v) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the Institution delivers to the Trustee for cancellation one or more Bonds and maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds and maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority directs the Institution, and the Institution agrees, to make the payments required by provisions of the Loan Agreement summarized in this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(v), (a)(vi), (a)(ix), (a) (xiii) and (a)(xiv) directly to the Trustee for deposit and application in accordance with the Resolution and the Bond Series Certificate; (ii) the payments required by paragraph (a)(ii) directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Authority; (iii) the payments required by paragraphs (a)(x) directly to the Trustee for deposit in the Arbitrage Rebate Fund; and (iv) the payments required by paragraphs (a)(i), (a)(vii), a(viii), (a)(xi) and (a)(xii) to or upon the written order of the Authority.

Appendix C

(b) Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in this subdivision), all moneys paid by the Institution to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the Institution's indebtedness to the Authority under the Loan Agreement, first, with respect to interest and, then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the provisions of the Resolution summarized in Appendix D under the heading "**Defeasance**". Except as otherwise provided in the Resolution, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds and the Credit Facility Provider, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

(c) The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, if applicable, failure of the Institution to complete the Project or, if applicable, the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; **provided, however**, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part in the Loan Agreement 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 available therefor.

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

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

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

(f) The Institution, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any payment made pursuant to provisions of the Loan Agreement summarized under the heading "**Sale of the Project**" below, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with provisions of the Resolution summarized in Appendix D under the heading "**Defeasance**" with respect to such Bonds; **provided, however**, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the

Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with provisions of the Resolution summarized in Appendix D under the heading “**Defeasance**,” the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) If the Institution elects to purchase Bonds, with the consent of the Authority, the Institution shall give written notice to the Authority, the Trustee and each Facility Provider whenever Bonds are to be purchased at the election of the Institution, which written notice shall include the Sub-Series, maturity and principal amount of the Bonds to be so purchased. All such purchases shall be subject to the condition that money for the payment of the purchase price therefore is available on the date set for each such purchase.

(Section 9)

Security Interest in Pledged Revenues

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

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

The Institution further agrees that the Pledged Revenues (i) shall be stated separately in billing or shall be allocated as such by the Institution from the aggregate fees and charges imposed on students, (ii) shall be separately identified on the records of the Institution, and (iii) shall be accounted for separate and apart from any other fees or charges imposed by the Institution.

(Section 11)

Collection of Pledged Revenues

(a) Subject to the provisions of the Loan Agreement summarized in paragraph (b) below, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution shall deliver to the Trustee for deposit in accordance with the provisions summarized in Appendix D under the heading “**Deposit of Revenues and Allocation Thereof**,” all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the Institution’s receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, assuming that Variable Interest Rate Bonds will, from and after the next succeeding date on which the rates at which such Variable Interest Rate Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum at which such Variable Interest Rate Bonds then bear interest, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased (other than Option Bonds tendered or deemed to have been tendered for purchase or redemption), and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the provisions summarized in

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Appendix D under the heading “**Deposit of Revenues and Allocation Thereof**” any payments received by the Institution with respect to the Pledged Revenues (other than such amounts as are subject to the Prior Pledges).

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

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

(Section 12)

Warranty of Title; Utilities and Access

The Institution warrants and represents to the Authority that (i) it has good and marketable title to the Project, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the Institution’s programs and (ii) the Institution has such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from the Project for proper operation and utilization of the Project and for utilities required to serve such Project, together with, if applicable, such rights of way, easements or other rights in, to and over land as may be necessary for construction by the Institution of the Project.

The Institution covenants that title to the Project shall be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances.

The Institution warrants, represents and covenants that (i) the Project is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation) and (ii) to the extent applicable, has and will have its own separate and independent means of access, apart from any other property owned by the Institution or others; **provided, however**, that such access may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution.

(Section 14)

Additional Representation and Covenants

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

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

(Section 16)

Tax-Exempt Status of Institution

The Institution represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a “private foundation,” as such term is defined under Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code, except for payment of unrelated business income tax. The Institution agrees that: (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Institution as an educational organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in a manner, or for any trade or business unrelated to the educational purposes of the Institution, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 17)

Securities Acts Status

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

(Section 18)

Maintenance of Corporate Existence

The Institution covenants that it will (i) maintain its corporate existence, (ii) continue to operate as a non-profit educational organization, (iii) obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, (iv) except as expressly permitted by the Loan Agreement, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it. The Institution, with the prior written consent of the Authority and the Credit Facility Provider, may (A) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies as an organization described in Section 501(c)(3) of the Code, or any successor provision of federal income tax law, (B) permit one or more corporations or any other organization to consolidate with or merge into it, or (C) acquire all or substantially all of the assets of one or more corporations or other organizations. Notwithstanding the foregoing provisions of the Loan Agreement summarized herein, no disposition, transfer, consolidation or merger otherwise permitted by the Loan Agreement shall be permitted unless (1) the same would not in the opinion of Bond Counsel adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation, (2) the Institution will not as a result thereof be in default under the Loan Agreement or under any Related Agreement, (3) the surviving, resulting or transferee corporation, as the case may

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be, is incorporated under the laws of the State and is qualified as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (4) the surviving, resulting or transferee corporation of the Institution assumes in writing all of the obligations of the Institution under the Loan Agreement, under the Related Agreements and under the Continuing Disclosure Agreement, and furnishes to the Authority (x) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions of the Loan Agreement and of the Related Agreements, and will meet the requirements of the Act, and (y) such other certificates and documents as the Authority may reasonably require to establish compliance with provisions of the Loan Agreement summarized herein.

(Section 19)

Environmental Quality Review and Historic Preservation

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

(Section 20)

Use and Possession of the Project

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

(Section 21)

Restrictions on Religious Use

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

permit such portion of the Project, or, if included in the Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of the provisions of the Loan Agreement summarized herein an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Section 22)

Sale of the Project

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

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

(Section 23)

Maintenance, Repair and Replacement

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

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

(Section 24)

Covenant as to Insurance

(a) The Institution shall procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by institutions providing services similar to those provided by the Institution. All policies of insurance required by provisions of the Loan Agreement summarized by this Section shall be primary to any insurance maintained by the Authority.

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

(i) with respect to any building the construction of which shall not have been completed (and until insurance is procured pursuant to clause (ii) of this paragraph), all risk builders' risk insurance against direct physical loss or damage, or with respect to the acquisition and installation of equipment or machinery, in lieu of all risk builders' risk, an installation floater on an all risk basis. The amount of such insurance shall be on a one hundred per centum (100%) completed value basis on the insurable portion;

(ii) at all times (except during a period when builders' risk insurance is in effect as required by clause (i) of this paragraph (a)), all risk property insurance against direct physical loss or damage to the Project in an amount not less than one hundred per centum (100%) of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms; **provided, however**, that the inclusion of the Project under a blanket insurance policy or policies of the Institution insuring against the aforesaid hazards in an amount aggregating at least one hundred per centum (100%) of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions of this paragraph with respect to the Project; provided further, that in any event, each such policy shall be in an amount sufficient to prevent the Institution and the Authority from becoming co insurers under the applicable terms of such policy;

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

(iv) at all times, statutory disability benefits;

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

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

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

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

(Section 25)

Damage or Condemnation

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

(i) If within one hundred twenty (120) days (or such longer period as the Authority and the Institution may agree) after the Authority receives actual notice or knowledge of the taking or damage, the Institution and the Authority agree in writing that the property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

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

(Section 26)

Taxes and Assessments

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

(Section 27)

Appendix C

Defaults and Remedies

(a) As used in the Loan Agreement the term “Event of Default” shall mean:

(i) the Institution shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than pursuant to Section 9(a)(xi) or 9(a)(xiv) 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, the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days or days or (B) default in the timely payment of any amount payable pursuant to Section 9(a)(xi) or 9(a)(xiv) of the Loan Agreement; or

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

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

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

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

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

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

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

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

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

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

(xii) the giving of notice by the Credit Facility Provider to the Authority and the Trustee of an Event of Default under and as defined in the Reimbursement Agreement.

(b) Upon the occurrence of an Event of Default the Authority shall provide the Credit Facility Provider with written notice thereof upon obtaining actual knowledge thereof and may take any one or more of the following actions; provided, however, in the case of an Event of Default summarized in subparagraph (a)(xii) above accompanied by a written notice from the Credit Facility Provider to the Trustee directing the Trustee to cause an acceleration of the Bonds, the Authority shall take the action set forth in (i) below:

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

(ii) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; **provided, however**, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor, subject to the Prior Pledges, and may continue to do so commencing on each such interest payment date to the extent of amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit

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or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority; **provided, however**, that (1) the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

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

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

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

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 provisions of the Loan Agreement summarized in paragraph (b) above and its consequences if such Event of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 31)

Investment of Moneys

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

(Section 33)

Limitation on Agreements

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

(Section 35)

Arbitrage; Tax Exemption

Each of the Institution and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of the Bonds, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. Neither the Institution nor any "related person" (as such term is defined in Section 147(a)(2) of the Code) shall purchase Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the Institution or by a related person of Bonds will not cause interest on the Bonds to be included in the gross income of the owners of such Bonds for purposes of federal income taxation.

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 the Tax Certificate then to be untrue and shall comply with all covenants and agreements of the Institution contained in the Tax Certificate, in each case to the extent required by and otherwise in compliance with such Tax Certificate.

(Section 36)

Limitation on Authority Rights

As long as no Event of Default has occurred and is continuing, and no event has occurred that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, the Authority will not, without the prior written consent of the Institution, (i) change the dates on which an Option Bond is to be tendered for purchase or the period during which a Variable Interest Rate Bond is to bear interest at a particular rate, (ii) convert a Variable Interest Rate Bond to bear interest at a fixed rate to its maturity, (iii) seek the removal or resignation of a Remarketing Agent or appoint a successor Remarketing Agent, (iv) amend or modify the dates on or Redemption Price at which a Variable Interest Rate Bond after its conversion to bear interest at a fixed rate to the maturity date thereof may be redeemed at the election or direction of the Authority in accordance with Section 4.02 of the Resolution or (v) remarket at a price other than par any Option Bond tendered or deemed to have been tendered for

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purchase. The Institution may, at any time no Event of Default, or an event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, request the Authority to take such action as may be required by the Resolution, the Series Resolution or the Bond Series Certificate to change the dates on which Option Bonds are to be tendered for purchase or the period during which Variable Interest Rate Bonds shall bear interest at a particular rate or to convert Variable Interest Rate Bonds to bear interest at a fixed rate to their maturity.

(Section 37)

Certificate as to Representations and Warranties

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

(Section 40)

Further Assurances

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

(Section 43)

Amendments to Loan Agreement and Reimbursement Agreement; Substitute Credit Facility

(a) The Loan Agreement may be amended only in accordance with the Resolution and the Intercreditor Agreement and each amendment shall be made by an instrument in writing signed by the Institution and the Authority, an executed counterpart of which shall be filed with the Trustee. The Institution also covenants that (i) it shall provide a copy of any proposed amendment or supplement to any Reimbursement Agreement or proposed reimbursement agreement that provides for a Substitute Credit Facility to the Authority and (ii) it shall promptly provide a copy of any amendment or supplement to any Reimbursement Agreement to the Trustee.

(b) Unless a Credit Facility shall no longer be required pursuant to and in accordance with the terms of the Bond Series Certificate, the Institution shall use its best efforts to obtain an extension of any Credit Facility or a Substitute Credit Facility not later than the 90th day prior to the expiration date of such Credit Facility or such earlier day if required by the terms of the then-existing Credit Facility.

(Section 44)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; **provided, however**, that the liabilities and the obligations of the Institution under the Loan Agreement relating to the prompt payment of arbitrage rebate and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to provisions of the Loan Agreement in connection with the covenant as to insurance, taxes and assessments or indemnity by the institution shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such

documents as may be reasonably requested by the Institution to evidence such termination and the discharge of the Institution's duties under the Loan Agreement, including the release or surrender of any security interests granted by the Institution to the Authority pursuant to the Loan Agreement.

(Section 45)

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**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTIONS AND THE BOND SERIES CERTIFICATE**

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS AND BOND SERIES CERTIFICATE

The following is a brief summary of certain provisions of the Resolutions and the Bond Series Certificate pertaining to the Series 2008A Bonds. This summary does not purport to be complete and reference is made to the Resolutions and the Bond Series Certificate for full and complete statements of such and all provisions. The headings below are not part of the Resolutions or the Bond Series Certificate but have been added for ease of reference only. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

It is the intent of the Resolution to authorize the issuance by the Authority, from time to time, of its Fordham University Revenue Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and, inter alia, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of a Series authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of the Bonds of a Series, and the pledge and assignment made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution or by a Series Resolution.

(Section 1.03)

Assignment of Certain Rights and Remedies to the Trustee

With respect to each Series of Bonds, as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Outstanding Bonds of such Series and for the performance of each other obligation of the Authority under the Resolution and under a Series Resolution, the Authority may, and upon the happening of an Event of Default under the Resolution, shall, grant, pledge and assign to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the applicable Loan Agreement or the applicable Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement or Mortgage, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Loan Agreement or Mortgage, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Holders of a Series of Bonds, and to perform all other necessary and appropriate acts under such Loan Agreement or Mortgage, including but not limited to the right to declare the indebtedness under such Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon the applicable Pledged Revenues or the Mortgage, subject to the following conditions, that (i) the Holders of such Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority and (ii) unless and until the Trustee is assigned the applicable Loan Agreement and Mortgage, the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in such Loan Agreement and Mortgage to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision), (iii) with respect to a Mortgage granted by the Institution to the Authority in connection with a Series of Bonds, any grant, pledge and assignment to the Trustee of the Authority's estate, right, title, interest and claim, in, to and under such Mortgage shall secure only the payment of the principal and Redemption Price of and interest on the Outstanding Bonds of such Series. Until such election is made, the Authority shall remain liable to observe and perform all the conditions

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and covenants, in the applicable Loan Agreement and Mortgage provided to be observed and performed by it. Upon any such grant, pledge or assignment contemplated by the Resolution, the Authority may retain the right to (i) the payment of any fees, costs and expenses of the Authority payable pursuant to the applicable Loan Agreement, (ii) the indemnities provided thereby and payments made pursuant to such indemnities and (iii) the exercise of any right or remedy available under the applicable Loan Agreement or any applicable Mortgage for the enforcement of the obligations of the Institution to which the Authority has retained such right.

Any grant, pledge or assignment made pursuant to these provisions of the Resolution shall be made by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority within thirty (30) days after written notice of the Authority's election to make such grant, pledge or assignment.

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

(Section 1.04)

Refunding Bonds

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

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

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

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

(Section 2.04)

Additional Obligations

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

(Section 2.05)

Redemption of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds of a Series other than as summarized in the following paragraph, the Authority shall give to the Trustee and each applicable Facility Provider written notice of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series and Sub-Series to be redeemed. The Series, Sub-Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee and each applicable Facility Provider at least forty-five (45) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that moneys for payment of the Redemption Price is available on the redemption date, such notice shall not be given with respect to Bonds to be redeemed pursuant to provisions of the Resolution summarized herein unless prior to the date such notice is to be given the Authority shall have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds of such Series to be so redeemed.

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

Whenever by the terms of the Resolution the Trustee is required to redeem Bonds of a Series through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of such Series, Sub-Series and maturities to be redeemed in the manner summarized in the following paragraph, give the notice of redemption

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and pay out of moneys available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Resolution.

(Section 4.03)

Selection of Bonds to Be Redeemed

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

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

(Section 4.04)

Notice of Redemption

Whenever Bonds of a Series are to be redeemed, the Trustee shall give notice of the redemption of such Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) of each such Bond, the principal amount thereof to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (ix) if the Authority's obligation to redeem the Bonds is subject to one or more conditions, a statement to that effect that describes the conditions to such redemption.

Any notice of redemption, other than a notice for special or extraordinary redemption provided for in a Series Resolution or Bond Series Certificate, may state that the redemption is conditioned upon receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys are not received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

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

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

(Section 4.05)

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds of a Series or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, Sub-Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bond is surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond of a Series, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of such registered Bond so surrendered, Bonds of like Series, Sub-Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds of a Series or portions thereof of any like Series, Sub-Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on such Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be

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Outstanding under the Resolution. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Purchase of Purchased Bonds

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

(Section 4.07)

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

Pledge of Revenues

The proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, are pursuant to the Resolution, subject to the adoption of a Series Resolution, pledged and assigned by the Resolution to the Trustee as security for the payment of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the provisions of the Resolution and thereof. The pledge made by the Resolution shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and the funds and accounts established by the Resolution and pursuant to a Series Resolution and which are pledged by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon, subject only to the applicable Prior Pledges. In the event that (i) the

principal of and interest on the Series 2008A Bonds has become immediately due and payable because an Event of Default has occurred and is continuing under the Resolution, or (ii) the Trustee shall draw against the Credit Facility in connection with the redemption, in whole, of the Series 2008A Bonds, and in either such case the Credit Facility Provider shall have provided the Trustee with funds pursuant to the Credit Facility for the payment in full of the principal of and the interest on the Bonds then, and in such event, the Credit Facility Provider shall be subrogated to all rights theretofore possessed under the Resolution and the Loan Agreement by the Trustee and the Holders of the Series 2008A Bonds in respect of which such principal and interest shall have been paid with funds provided by the Credit Facility Provider (to the extent such funds provided by the Credit Facility Provider pursuant to the Credit Facility shall not have been reimbursed to the Credit Facility Provider). After the payment in full of all Series 2008A Bonds owned by the Holders thereof, any reference herein to the Holders of the Series 2008A Bonds or to the Bondholders shall mean the Credit Facility Provider to the extent of its subrogation rights resulting from payments made pursuant to the Credit Facility.

(Section 5.01 of the Resolution and Section 7.08 of the Bond Series Certificate relating to the Series 2008A Bonds)

Establishment of Funds and Accounts

Unless otherwise provided by a Series Resolution, the following funds are authorized to be established and shall be held and maintained for each Series of Bonds by the Trustee separate and apart from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;

Debt Service Fund; and

Arbitrage Rebate Fund.

Accounts and subaccounts within each of the foregoing funds may from time to time be established in accordance with a Series Resolution, a Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by a Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds of a Series, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution, unless otherwise provided in the applicable Series Resolution; **provided, however**, that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price or Redemption Price of such Option Bonds; provided further, that any Debt Service Reserve Fund established by or pursuant to a Series Resolution, the amounts held therein and amounts derived from any Reserve Fund Facility related thereto, shall not be held in trust for the benefit of the Holders of Bonds other than the Bonds of the Series secured thereby as provided in such Series Resolution and are pledged solely thereto and no Holder of the Bonds of any other Series shall have any right or interest therein.

(Section 5.02)

Debt Service Fund and the Credit Facility Repayment Fund

There is pursuant to the Bond Series Certificate relating to the Series 2008A Bonds established in the Debt Service Fund (i) a Credit Facility Account, (ii) a Redemption Account, and (iii) an Institution Payments Account. There is also pursuant to the Bond Series Certificate relating to the Series 2008A Bonds established a Credit Facility Repayment Fund.

(Section 5.02 of the Bond Series Certificate relating to the Series 2008A Bonds)

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Credit Facility Repayment Fund

The Credit Facility Repayment Fund is to be held by the Trustee for the exclusive benefit of the Credit Facility Provider with respect to the Series 2008A Bonds. On the day that amounts drawn under the Credit Facility are received by the Trustee and deposited in the Credit Facility Account of the Debt Service Fund, the Trustee shall withdraw from the Institution Payments Account of the Debt Service Fund an amount sufficient to reimburse the applicable Credit Facility Provider for the amount of such draw under the Credit Facility and for any other previously unreimbursed draw on the Credit Facility, and shall transfer such amounts to the Credit Facility Repayment Fund. Subject to the summary of the succeeding sentence, on any day on which the Trustee has received amounts drawn under a Credit Facility, the Trustee shall withdraw from the Credit Facility Repayment Fund an amount sufficient to reimburse the Credit Facility Provider under whose Credit Facility funds were drawn for the amount of such draw and shall transfer such amount to the Credit Facility Provider. The Trustee shall not transfer moneys from the Debt Service Fund or any other fund or account to reimburse the Credit Facility Provider for amounts drawn on such Credit Facility until after the amounts drawn on the Credit Facility shall have been deposited into the Credit Facility Account. The Trustee shall notify the Institution in writing promptly following each payment to the Credit Facility Provider with amounts in the Credit Facility Repayment Fund.

(Section 5.04 of the Bond Series Certificate relating to the Series 2008A Bonds)

Purchase and Remarketing Fund

(a) Pursuant to the Series 2008A Resolution, there is by the Bond Series Certificate relating to the Series 2008A Bonds established the Purchase and Remarketing Fund. The following Accounts shall be established within the Purchase and Remarketing Fund: (i) the Purchase Account, (ii) the Remarketing Proceeds Account and (iii) the Authority Available Moneys Account. The Purchase Account, the Remarketing Proceeds Account, the Authority Available Moneys Account and the moneys derived from the remarketing of the Series 2008A Bonds or from a Credit Facility from time to time on deposit therein are pursuant to the Bond Series Certificate relating to the Series 2008A Bonds pledged by the Authority, and the Authority pursuant to the Bond Series Certificate relating to the Series 2008A Bonds grants a security interest therein to the Trustee, to secure payment of the Purchase Price of Tendered Bonds and the obligations of the Institution to the Credit Facility Provider under the Reimbursement Agreement. Amounts in the Purchase Account, the Remarketing Proceeds Account and the Authority Available Moneys Account shall, except as otherwise summarized below, be held separate and apart from and not be commingled with amounts held in any other fund or account established under the Resolution or with any other moneys of the Authority, the Tender Agent or the Trustee. The moneys in such accounts within the Purchase and Remarketing Fund shall be held uninvested and without liability on the part of the Trustee for interest thereon.

(b) All amounts received by the Tender Agent from a Remarketing Agent representing the proceeds from the remarketing of Tendered Bonds shall be deposited in the Remarketing Proceeds Account and shall be used only for the payments of the Purchase Price of Tendered Bonds so remarketed as provided in the Bond Series Certificate relating to the Series 2008A Bonds. All amounts derived from a drawing on a Credit Facility to pay the Purchase Price of Tendered Bonds that are not remarketed shall be deposited in the Purchase Account and used only for the payment of the Purchase Price of Tendered Bonds in the manner at the times specified in the Bond Series Certificate relating to the Series 2008A Bonds. All other Available Moneys, including moneys transferred from the Credit Facility Account to pay accrued interest on the Tendered Bonds, to be applied to the payment of the Purchase Price of Tendered Bonds shall be deposited in the Authority Available Moneys Account and used only for the payment of the Purchase Price of Tendered Bonds in the manner specified in the Bond Series Certificate relating to the Series 2008A Bonds. No moneys, other than moneys transferred from the Credit Facility Account as summarized in the preceding sentence, provided by the Authority or the Institution shall be accepted for deposit to the credit of the Purchase Account, the Remarketing Proceeds Account or the Authority Available Moneys Account, nor shall any such moneys, if deposited by mistake or otherwise, be used to pay the Purchase Price of Tendered Bonds. Moneys in the Purchase and Remarketing Fund shall be held uninvested and without liability for interest thereon. The Tender Agent shall hold all moneys delivered to it under the Bond Series Certificate relating to the Series 2008A Bonds for the purchase of Series 2008A Bonds in trust as agent and bailee of, and in escrow for the benefit of, the person or entity which shall have so delivered such moneys until such Series 2008A Bonds are purchased with such moneys. Notwithstanding anything summarized in this paragraph to the contrary, moneys on deposit in the Remarketing Proceeds Account, not needed to pay the Purchase Price of Tendered Bonds shall be

transferred to the Credit Facility Account to reimburse the Credit Facility Account for transfers necessary to pay accrued interest on the Tendered Bonds as summarized in this paragraph.

(c) The Purchase Price of Tendered Bonds shall be paid solely with Available Moneys on deposit in the accounts within the Purchase and Remarketing Fund in the following order of priority:

First: From Available Moneys in the Remarketing Proceeds Account;

Second: From Available Moneys in the Purchase Account; and

Third: From Available Moneys in the Authority Available Moneys Account.

(Section 5.01 of the Bond Series Certificate relating to the Series 2008A Bonds)

Application of Moneys in the Construction Fund

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

(a) Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Project with respect to such Series of Bonds. For purposes of internal accounting, the Construction Fund may contain one or more further subaccounts, as the Authority or the Trustee may deem proper.

(b) 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 in accordance with a Loan Agreement naming the Project in connection with which payment is to be made and describing in reasonable detail the purpose for which moneys were used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of such Project, except that payments to pay interest on Bonds of a Series 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.

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

(d) A Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the Institution, which certificate shall be delivered as soon as practicable after the date of completion of such Project, or upon delivery to the Institution and the Trustee of a certificate signed by an Authorized Officer of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that such Project has been completed substantially in accordance with the

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plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy or use, and, in the case of a certificate of an Authorized Officer of the Institution, shall specify the date of completion.

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

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

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

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

(Section 5.04)

Deposit of Revenues and Allocation Thereof

Notwithstanding the provisions of the Resolution, the Revenues and any other moneys, which, by any of the provisions of a Loan Agreement, are required to be paid to the Trustee (other than moneys paid to the Trustee for deposit in the Construction Fund pursuant to the Series 2008A Resolution) shall upon receipt thereof be deposited or paid by the Trustee as follows and in the following order of priority:

First: To the Institution Payments Account of the Debt Service Fund, the amount, if necessary, to make the amount in the Debt Service Fund equal to:

(i) one-sixth (1/6) of the interest coming due on the Series 2008A Bonds on the immediately succeeding Interest Payment Date for such Bonds; *provided, however*, that, if there are less than six (6) such payment dates prior to the first such interest payment date on the Series 2008A Bonds, on each payment date prior to such interest payment date the Institution shall pay with respect to such Series 2008A Bonds an amount equal to its proportionate share of the interest coming due on such Series 2008A Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on the Series 2008A Bonds; *provided, further*, that while the Series 2008A Bonds are in the Daily Rate Mode or the Weekly Rate Mode, such transfer will be made by the third Business Day preceding the first day of each month in an amount at least equal to the interest which will accrue to the first Business Day of such month on the Series 2008A Bonds;

(ii) One-twelfth (1/12) of the principal and Sinking Fund Installments on the Series 2008A Bonds coming due on such July 1; *provided, however*, that, if there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due on the Series 2008A Bonds, on each payment date prior to such July 1 the Institution shall pay with respect to such Series 2008A Bonds an amount equal to the principal and Sinking Fund Installments of the Series 2008A Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1; *provided, however*, with respect to Sinking Fund Installments of Option Bonds or Variable Interest Rate Bonds that come due in the months other than July, the

terms of this subsection shall apply except that references to July shall be replaced with the applicable month(s) in which the related Sinking Fund Installment comes due;

Second: To reimburse the Credit Facility Provider for amounts drawn under the Credit Facility and not reimbursed from funds in the Credit Facility Repayment Fund under the Bond Series Certificate relating to the Series 2008A Bonds.

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

Fourth: To the Institution Payment Account of the Debt Service Fund for disbursement to the Authority upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable, unless otherwise paid, such amounts as are payable to the Authority for:

(i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Bond Series Certificate relating to the Series 2008A Bonds,

(ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof, and

(iii) any fees of the Authority.

(Section 5.03 of the Bond Series Certificate relating to the Series 2008A Bonds)

Debt Service Fund

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

(i) the interest due and payable on all Outstanding Bonds of a Series on such interest payment date;

(ii) the principal amount due and payable on all Outstanding Bonds of a Series on such interest payment date; and

(iii) the Sinking Fund Installments, if any, due and payable on all Outstanding Bonds of a Series on such interest payment date.

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

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

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(c) Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds of a Series payable on and prior to the earlier of the next succeeding January 1 or July 1, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, and the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds of a Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds of a Series as provided in the redemption provisions of the Resolution, at the Redemption Prices specified in the Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

Arbitrage Rebate Fund

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

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

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

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Debt Service Fund and the Debt Service Reserve Fund, if applicable, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of a Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, (ii) the amounts held in the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Series secured thereby and the interest accrued and unpaid and to accrue on such Bonds to the next date on which such Bonds may be redeemed or (iii) in either case, to make provision pursuant to the defeasance provisions of the Resolution for the

payment of such Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the Institution. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by a Series Resolution as provided in the redemption provisions of the Resolution, or (ii) give the Trustee irrevocable

instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance with such instruction.

(Section 5.08)

Transfer of Investments

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

(Section 5.09)

Security for Deposits and Investment of Funds

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

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

(b) In lieu of the investments of money in obligations summarized in paragraph (a) above, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund in any Permitted Investment, **provided, however**, that each such investment shall permit the money so deposited or invested to be available for use at the

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times at which the Authority reasonably believes such money will be required for the purposes of the Resolution; provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person.

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

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

(e) Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in provisions of the Resolution summarized herein. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions summarized in paragraphs (a), (b) and (c) above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

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

(Section 6.02)

Particular Covenants

Payment of Principal and Interest

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

(Section 7.01)

Further Assurance

The Authority, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming

all and singular the rights, pledges and assignments by the Resolution and by the Series Resolution created or made or intended to be created or made, or which the Authority may hereafter become bound to pledge or assign.

(Section 7.04)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Institution, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Facility Provider and to the Institution. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the Authority's transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution or by a Series Resolution the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of a Series on the proceeds from the sale of such Bonds, the Revenues pledged for such Series of Bonds, the Pledged Revenues or the funds and accounts established by the Resolution or by a Series Resolution which are pledged by the Resolution; **provided, however**, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations under another and separate resolution or otherwise incur indebtedness 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, and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the applicable Revenues and the Authority's security interest in the applicable Pledged Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

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

(Section 7.07)

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Deposit of Certain Moneys in the Construction Fund

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

(Section 7.08)

Offices for Payment and Registration of Bonds

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

(Section 7.09)

Amendment of Loan Agreement

A Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect the interest of the Holders of Outstanding Bonds of the applicable Series in any material respect unless consented to in writing by the Holders of at least a majority in aggregate principal amount of the Bonds of such Series then Outstanding; provided, however, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the Institution under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to the paragraph summarized herein by the Holders of Bonds shall, except as otherwise provided in the paragraph summarized herein, be given in the same manner required by the portion of the Resolution addressing amendments of the Resolution.

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

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

In addition, the Holder of an Outstanding Auction Rate Bond of a Series shall be deemed to have consented to an amendment, change, modification, alteration or termination permitted by this Section if (i) the Trustee has mailed notice of such proposed amendment to the Holder of such Bonds in the same manner required by the portion of the Resolution addressing amendments of the Resolution for an amendment to the Resolution, (ii) on the first Auction Date for such Bond occurring at least twenty (20) days after the date on which the aforementioned notice is given by the Trustee the interest rate determined on such date is the Winning Bid Rate and (iii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of such Auction Rate Bond or any exemption from federal income tax to which the interest on such Auction Rate Bond would otherwise be entitled. The following terms shall have the respective meanings: "Auction Rate Bond" means a Variable Interest Rate Bond of a Series that is not an Option Bond, and that bears interest at rates determined by periodic auctions in accordance with procedures therefore established by the Series Resolution authorizing such Bond or the Bond Series Certificate related thereto; "Auction Date" means, with respect to particular any Auction Rate Bond, the date on which an auction is held or required to be held for such Bond in accordance with the procedures established therefore; and "Winning Bid Rate" when used with respect to an auction held for any particular Auction Rate Bond, shall have the meaning given to such term in the Series Resolution authorizing such Auction Rate Bond or the Bond Series Certificate related thereto, or, if not otherwise defined, means the lowest rate specified in any purchase bid submitted in such auction, which, if selected, would cause the aggregate principal amount of Auction Bonds offered to be sold in such auction to be subject to purchase bids at rates no greater than the rate specified in such purchase bid.

For the purposes of the paragraph summarized herein, a Series of Bonds shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the Institution, the Authority and all Holders of Bonds of such Series.

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

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

(Section 7.12)

Issuance of Obligations under Previous Resolutions

The Authority so long as Bonds are Outstanding shall not issue additional bonds or notes pursuant to its "Fordham University Insured Revenue Bond Resolution," adopted September 25, 2002 or its "Fordham University Insured Revenue Bond Resolution," adopted March 24, 2004.

(Section 7.13)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

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

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (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 or under a Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, or any Series Resolution, of the Revenues, or any pledge of any other moneys, securities or funds;
- (f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of a Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds of such Series issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions;
- (g) To modify or amend a Project; or
- (h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders of a Series in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent

The provisions of the Resolution or of a Series 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 Holders of a Series of Bonds in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective

upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

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

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

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

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

(Section 9.03)

Amendments of Resolution

Powers of Amendment

Any modification or amendment of the Resolution or of any Series Resolution that modifies or amends the rights and obligations of the Authority and of the Holders of a Series of Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding of such Series at the time such consent is given or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds of a Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of a particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond

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Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Holders of a Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of a Series specified in provisions of the Resolution summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution as provided below. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds of a Series with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds of a Series described in the certificate or certificates of the Trustee. Any consent given by the Holder of a Bond of a Series shall be binding upon such Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Bondholder giving such consent or a subsequent Holder of such Bond by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of each Series and will be effective as provided in the Resolution, shall be given to such Bondholders by the Trustee at the direction of the Authority by mailing such notice to such Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of such Bonds of a Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Holders of such Series of Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however**, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding

may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

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

(Section 10.02)

Modifications by Unanimous Consent

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

(Section 10.03)

Consent of Facility Provider

Whenever by the terms of the Resolution the consent of any of the Holders of the Bonds of a Series to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each applicable Facility Provider has been obtained. No modification or amendment of the Resolution which adversely affects a Facility Provider shall be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each applicable Facility Provider by mail at the times and in the manner provided herein with respect to notices thereof required to be given to the Holders of the Bonds of a Series. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Series Resolution or Supplemental Resolution and of the effectiveness thereof.

(Section 10.07)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an “Event of Default”) if:

- (a) With respect to a Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any such Bond shall not be made by the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) With respect to a Series of Bonds, payment of an installment of interest on any such Bond shall not be made by the Authority when the same shall become due and payable; or
- (c) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the

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effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

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

(e) With respect to a Series of Bonds, the Authority shall have notified the Trustee that an “Event of Default” as defined in the Loan Agreement, arising out of or resulting from the failure of the Institution to comply with the requirements of the Loan Agreement shall have occurred and is continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

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

(Section 11.03)

Enforcement of Remedies

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

In the enforcement of any remedy under the Resolution and under a Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of a Series Resolution or of a Series of Bonds, with interest on overdue payments of the principal or of 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 a 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 a Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

(Section 11.04)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of such Series 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 by the Resolution in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds of a Series secured by the Resolution and by a Series Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of a Series shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Defeasance

Defeasance

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

(b) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Resolution. All Outstanding Bonds of a Series or any maturity within such Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in provisions of the Resolution summarized in the preceding paragraph (a) if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds of a Series on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select which Bonds of such Series, Sub-Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date of the Resolution, as the case may be; provided further, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which

shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(c) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior 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 provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; **provided, however**, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(d) Option Bonds shall be deemed to have been paid in accordance with provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b) 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 provisions of the Resolution summarized in the preceding paragraph (b), the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Appendix D

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

(Section 12.01)

Provider Provisions

Consent Rights of the Credit Facility Provider

If no Credit Facility Issuer Default is occurring, the Credit Facility Provider, and not the actual Holders of the Series 2008A Bonds, shall be deemed to be the Holder of the Series 2008A Bonds payable from such Credit Facility for the purpose of exercising any right or power, consenting to an amendment, modification or waiver, or requesting or directing the Trustee to take or not to take any action under the Resolutions; provided, however, that the provisions of summarized in this paragraph shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(Section 7.09 of the Bond Series Certificate relating to the Series 2008A Bonds)

**SUMMARY OF CERTAIN PROVISIONS OF
THE REIMBURSEMENT AGREEMENT**

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SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The following is a summary of certain provisions of the Reimbursement Agreement to which reference is made for the complete provisions thereof. All terms used in this summary and not defined in this Official Statement have the respective meanings ascribed to such terms in the Reimbursement Agreement.

The occurrence of any of the following events shall constitute an Event of Default:

failure by the University to reimburse or pay the Bank for any Drawing under the Letter of Credit on the date when due, or to pay any other amount payable pursuant to the Reimbursement Agreement, any Collateral Document or under any Bond Document on the date when due; or

failure by the University to observe or perform any of the covenants set forth on Schedule III attached to the Reimbursement Agreement or the covenants set forth in Section 6.1(c), (d), (i), (m), (r) or (u) of the Reimbursement Agreement; or

failure by the University to observe or perform any other term, condition, covenant or agreement set forth in the Reimbursement Agreement or the other Collateral Documents to be observed or performed by the University (and not constituting an Event of Default under any of the preceding or following provisions of Section VII of the Reimbursement Agreement) and such failure continues for a period of thirty (30) or more days after (i) written notice thereof to the University from the Bank or (ii) the Bank is notified of such failure, or should have been notified of such failure by the University, pursuant to the terms of the Reimbursement Agreement or any Collateral Document; or

any representation, warranty or statement made or deemed made by or on behalf of the University in the Reimbursement Agreement or the other Collateral Documents or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with the Reimbursement Agreement, any Collateral Document shall prove to have been materially misleading or incorrect in any material respect when made or deemed made; or

any provision of the Reimbursement Agreement shall for any reason cease to be valid and binding on the University or in full force and effect or the University or any other Person shall so assert in writing; or

the University shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator or other similar official of itself or of all or a substantial part of its Property, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign relating to bankruptcy, insolvency, reorganization or relief of debtors, seek to have an order of relief entered with respect to it or seek to adjudicate it a bankrupt or insolvent, or seek reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts, or (v) take any corporate action for the purpose of effecting any of the foregoing; or

a case, proceeding or other action shall be commenced without the application or consent of the University, in any court of competent jurisdiction, seeking the liquidation or readjustment of debts, the appointment of a trustee, receiver, custodian, liquidator or the like of the University, or of all or any substantial part of its assets, or any similar action with respect to the University, under any existing or future law of any jurisdiction, domestic or foreign relating to bankruptcy, insolvency, reorganization or relief of debtors and such case, proceeding or other action shall continue undismissed, or unstayed and in effect, for a period of sixty (60) days, or an order for relief against the University, shall be entered in any such involuntary case, proceeding or other action or the University, shall take any action in furtherance of, or indicating its consent to, approval of or acquiescence in any of the actions described above; or

unless waived by the Bank, in writing, (i) any Event of Default, however defined, shall have occurred and be continuing under any Collateral Document or with respect to any obligation of the University under any Bond Document, or (ii) University fails to comply with any covenant or financial obligation set forth in the Collateral Documents or the Bond Documents, or (iii) any representation or warranty made or deemed made by the University in the Collateral Documents or the Bond Documents or which is contained in any exhibit, schedule or any other document or other statement furnished at any time under or in connection with the Collateral Documents, the Bond Documents or any of the other documents, instruments or certificates furnished by the University in connection therewith shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

a final judgment for an amount not otherwise covered by insurance, in excess of \$100,000.00 (which the Bank determines to not be covered by insurance or as to which the insurer has given notice of a denial of coverage) is rendered against the University and, within ten (10) days after entry thereof, such judgment has not been discharged or execution thereof stayed pending appeal or if, within ten (10) days after the expiration of any such stay, such judgment has not been discharged; or

at any time any Liabilities in excess of the aggregate amount of Five Million Dollars (\$5,000,000), other than the Liabilities created pursuant to the Reimbursement Agreement are not paid when due (whether at original maturity or as a result of acceleration by reason of the happening of an event of default, howsoever described, unless such event of default has been unconditionally waived for no consideration) and any originally stated applicable period of grace in respect thereof shall have expired, except in the event that the event of default has been objected to by the University before a court with jurisdiction to hear or determine the validity of such dispute, and University shall present a bond in an amount reasonably satisfactory to the Bank to cover any such liabilities; or

any of the following events occurs or exists with respect to either the University or any ERISA Affiliate: (i) any non-exempt Prohibited Transaction involving any Plan; (ii) any Reportable Event with respect to any Plan; (iii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (iv) any event or circumstance that might constitute grounds entitling the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the PBGC of any such proceedings; (v) any complete or partial withdrawal under Section 4201 or 4202 of ERISA from a Multiemployer Plan or the reorganization, insolvency, or

termination of any Multiemployer Plan; and in each case above, such event or condition, together with all other events or conditions, if any, could in reasonable the opinion of the Bank subject the University to any tax, penalty, or other liability to a Plan, a Multiemployer Plan, the PBGC or otherwise (or any combination thereof) which in the aggregate would have a Material Adverse Effect; or

the University ceases or threatens to cease to carry on the business it carries on at the date hereof or any substantial part thereof; or

any event occurs which has a material adverse effect on the ability of the University to perform its obligations under the Reimbursement Agreement or under the Collateral Documents or Bond Documents; or

any Liens created by any of the Collateral Documents shall for any reason cease to be valid, perfected, security interests or mortgage Liens of the required priority in favor of the Bank (except with respect to Financing Statements that have lapsed because the Bank has failed to file a continuation statement on time); or

A default or event of default otherwise occurs under any Bond Document (subject to any applicable notice and cure provisions contained in the Bond Documents); or

Any default or event of default occurs under any document now existing or in the future, which evidences debt owed by the University to the Bank, including, without limitation, the Existing Line of Credit.

then, upon the occurrence of (A) any event specified in subsection (f) or (g) above: (i) automatically all amounts due pursuant to the Reimbursement Agreement in respect of Drawings made or available to be made under the Letter of Credit or otherwise shall immediately become due and payable, without the giving of notice of any kind, and (ii) the Bank shall proceed to enforce all other remedies available to it under applicable law, and (B) any Event of Default (other than any event specified in subsection (f) or (g) above), the Bank, at its election, may: (i) declare all amounts due pursuant to the Reimbursement Agreement in respect of Drawings made under the Letter of Credit or otherwise to be immediately due and payable, whereupon the same shall immediately become due and payable, (ii) request in writing that the Trustee in accordance with the Bond Series Certificate and the Resolution accelerate or call a mandatory tender of the Bonds or declare the principal of and interest on the Bonds to be due and payable, (iii) require the University to deposit cash and/or securities with the Bank in an amount satisfactory to the Bank, and/or (iv) proceed to enforce all other remedies available to it under the Collateral Documents, Bond Documents and under applicable law. Except as expressly provided above in Section VII of the Reimbursement Agreement, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the University. In the event that any amount is deposited with the Bank pursuant to the clause (B) (iii) above, the yield on such amount shall not exceed the yield on the Bonds, computed in accordance with Treasury Regulation 1.148, unless the University and the Bank receive an opinion of nationally recognized bond counsel selected by the University and satisfactory to the Bank that the investment of such amount at a higher yield will not affect adversely the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

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**FORM OF APPROVING OPINION
OF BOND COUNSEL**

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FORM OF APPROVING OPINION OF BOND COUNSEL

Squire, Sanders & Dempsey L.L.P.
350 Park Avenue
New York, New York 10022

_____, 2008

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$96,895,000 aggregate principal amount of Fordham University Revenue Bonds, Series 2008A (the “Series 2008A Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2008A Bonds are issued under and pursuant to the Act, and the Fordham University Revenue Bond Resolution and the Series Resolution Authorizing Up To \$105,000,000 Fordham University Revenue Bonds, Series 2008A, both adopted on March 26, 2008 (collectively, the “Resolution”). The Series 2008A Bonds are being issued for the purposes set forth in the Resolution. Capitalized terms used and not otherwise defined herein have the respective meanings given to them in the Resolution, the Bond Series Certificate (as defined herein) or the Loan Agreement (as defined herein).

The Series 2008A Bonds are issued as Variable Interest Rate Bonds dated their date of delivery and, after the Initial Period, bearing interest at a Weekly Rate as determined by the Remarketing Agent. While in the Weekly Rate Mode, interest is payable on the first Business Day of each month. The Series 2008A Bonds are being issued in two Sub-Series. The Series 2008A Bonds mature on the date and in the year and amounts and are subject to conversion to a different Rate Mode, optional and mandatory tender, and redemption and purchase in lieu of redemption prior to maturity, as set forth in the Bond Series Certificate executed in connection therewith (the “Bond Series Certificate”) and the Resolution.

The Authority and Fordham University (the “Institution”) have entered into a Loan Agreement, dated as of March 26, 2008 (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the

Appendix F

purposes permitted thereby and by the Resolution. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal and Sinking Fund Installments, if any, and the redemption price of, and interest on the Series 2008A Bonds, which payments have been pledged by the Authority to the Trustee for the benefit of the Holders of the Series 2008A Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolution and to issue the Series 2008A Bonds thereunder.

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

3. The Series 2008A Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolution. The Series 2008A Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the equal benefits of the Resolution and the Act.

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

5. Assuming compliance by the Authority and the Institution with the covenants described below, interest on the Series 2008A Bonds is excluded from gross income for federal income tax purposes. The interest on the Series 2008A Bonds will not be treated as a specific preference item for purposes of computing the federal alternative minimum tax. However, we note a portion of the interest on Series 2008A Bonds earned by certain corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted current earnings.

6. We are also of the opinion that interest on the Series 2008A Bonds is exempt, under existing law, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

With respect to the opinions in paragraphs 5 and 6, the Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2008A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2008A Bonds to be included in gross income retroactively to the date of issue of the Series 2008A Bonds. The Authority and the Institution have covenanted to take all actions necessary to maintain, and to avoid taking any actions that would impair, the exclusion of the interest on the Series 2008A Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion set forth in paragraphs 5 and 6, we have relied upon representations made by the Institution with respect to certain material facts within their knowledge and also upon the opinion of Thomas E. DeJulio, Esq., General Counsel to the Institution, and we have made no independent investigation thereof regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a) of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for maintenance of its status as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a), of the Code may result in interest on the Series 2008A Bonds being included in gross income for federal income tax purposes, possibly retroactively from the original delivery of the Series 2008A Bonds.

We have examined an executed Series 2008A Bond and, in our opinion, the form of said bond and its execution are regular and proper.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Series 2008A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2008A Bonds, or the interest thereon, if any action is taken with respect to the Series 2008A Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolution, the Series 2008A Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

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

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

Very truly yours,

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