

**SUPPLEMENT DATED JULY 22, 2008
TO OFFICIAL STATEMENT DATED JULY 9, 2008
RELATING TO**

\$115,000,000

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY REVENUE BONDS, SERIES 2008B

The Official Statement is hereby supplemented to include the following under “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS - The Financial Guaranty Insurance Policy”:

Recent Developments

On July 21, 2008, Moody’s Investors Service, Inc. (“Moody’s”) issued a press release stating that it had placed the “Aaa” insurance financial strength rating of Assured Guaranty Corp. (“Assured Guaranty”) under review for possible downgrade. Moody’s noted in its press release that, while the outcome of the review was uncertain, a downgrade of Assured Guaranty’s insurance financial strength rating below “Aa2” was currently seen as unlikely. A copy of the press release is available at www.moody.com.

Assured Guaranty intends to cooperate with Moody’s in connection with its review. Assured Guaranty cannot give any assurance as to the outcome of the review or the timing of when such review may be completed.

On July 17, 2008, Fitch, Inc. (“Fitch”) issued a report to provide an update on its views with respect to the outlook for the monoline financial guaranty industry. In such report, Fitch stated that Assured Guaranty continues to maintain a “AAA” insurer financial strength rating from Fitch with a stable rating outlook.

On June 18, 2008, Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”) issued a press release in which it affirmed its “AAA” financial strength and financial enhancement ratings on Assured Guaranty. In such press release, S&P stated that Assured Guaranty’s outlook is stable.

Investors are directed to the section entitled “PART 16 - RATINGS” in the Official Statement for additional information. Any downward revision or withdrawal of the ratings of the claims-paying ability of Assured Guaranty or other actions by a rating agency may have an adverse effect on the market price of the Series 2008B Bonds. Investors also are directed to the rating agencies for additional information on their respective evaluations of the financial guaranty industry and individual financial guarantors, including Assured Guaranty.

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NEW ISSUE



DAC Bond®

\$115,000,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY REVENUE BONDS, SERIES 2008B**
Dated: Date of Delivery**Due: July 1, as shown on inside cover**

Payment and Security: The Fordham University Revenue Bonds, Series 2008B (the "Series 2008B Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement dated as of May 28, 2008, as amended and supplemented (the "Loan Agreement") between Fordham University (the "University" or the "Institution") and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) authorized under the Authority's Fordham University Revenue Bond Resolution, adopted March 26, 2008 (the "Resolution"), and established under the Series 2008B Resolution authorizing the Series 2008B Bonds, adopted May 28, 2008 (the "Series 2008B Resolution").

Bond Insurance: The scheduled payment of principal and Sinking Fund Installments, if any, of and interest on the Series 2008B Bonds when due will be guaranteed under a financial guaranty insurance policy (the "Policy" or the "Financial Guaranty Insurance Policy") to be issued concurrently with the delivery of the Series 2008B Bonds by Assured Guaranty Corp. ("Assured Guaranty" or the "Insurer"). See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS – The Financial Guaranty Insurance Policy."

**ASSURED
GUARANTY**

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, and Redemption Price of and interest on the Series 2008B Bonds. The obligations of the University under the Loan Agreement are secured by a pledge of certain revenues of the University.

The Series 2008B Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. The Authority has no taxing power.

Description: The Series 2008B Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2008B Bonds will bear interest at the rates and will pay interest and mature at the times shown on the inside cover hereof.

The Series 2008B 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 2008B Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2008B Bonds, payments of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2008B Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement to beneficial owners is the responsibility of DTC participants. See "PART 3 – THE SERIES 2008B BONDS – Book-Entry Only System" herein.

Redemption: *The Series 2008B Bonds are subject to redemption or purchase in lieu of redemption prior to maturity as more fully described herein.*

Tax Exemption: In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2008B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2008B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2008B Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York). See "Tax Matters" herein.

The Series 2008B Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2008B Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its counsel, Cullen and Dykman LLP, Garden City, New York, and by its General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Hiscock & Barclay, LLP, Albany, New York. The Authority expects to deliver the Series 2008B Bonds in definitive form in New York, New York, on or about July 25, 2008.

Citi

**Banc of America Securities LLC
Merrill Lynch**

**Goldman, Sachs & Co.
RBC Capital Markets**

**Loop Capital Markets, LLC
Sterne, Agee & Leach, Inc.**

July 9, 2008

\$115,000,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY
REVENUE BONDS, SERIES 2008B

Interest Payment Date: Each January 1 and July 1 (commencing January 1, 2009)

\$57,705,000 SERIAL BONDS

<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2009	\$1,815,000	4.000%	1.950%	649903X63	2019	\$2,795,000	5.000%	4.050%	649903Y88
2010	2,020,000	3.000	2.570	649903X71	2020	2,935,000	5.000	4.150	649903Y96
2011	2,080,000	3.000	2.950	649903X89	2021	3,085,000	5.000	4.230	649903Z20
2012	2,140,000	3.100	3.190	649903X97	2022	3,235,000	5.000	4.310	649903Z38
2013	2,205,000	3.250	3.340	649903Y21	2023	3,400,000	5.000	4.370	649903Z46
2014	2,280,000	3.400	3.480	649903Y39	2024	3,570,000	5.000	4.440	649903Z53
2015	2,355,000	3.500	3.600	649903Y47	2025	3,745,000	5.000	4.480	649903Z61
2016	2,440,000	4.000	3.710	649903Y54	2026	3,935,000	5.000	4.530	649903Z79
2017	2,535,000	5.000	3.830	649903Y62	2027	4,130,000	5.000	4.550	649903Z87
2018	2,665,000	5.000	3.940	649903Y70	2028	4,340,000	5.000	4.580	649903Z95

\$25,170,000 5.000% Term Bonds Due July 1, 2033, Yield 4.740% CUSIP Number¹ 6499032A8

\$32,125,000 5.000% Term Bonds Due July 1, 2038, Yield 4.780% CUSIP Number¹ 6499032B6

¹ CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2008B Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2008B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2008B Bonds. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2008B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2008B Bonds.

No dealer, broker, salesperson or other person has been authorized by the Authority, the University or the Underwriter to give any information or to make any representations with respect to the Series 2008B 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 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 2008B 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 and the Insurer 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.

Assured Guaranty makes no representation regarding the Series 2008B Bonds or the advisability of investing in the Series 2008B Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS – The Financial Guaranty Insurance Policy" and "Appendix F - Specimen Financial Guaranty Insurance Policy."

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

References in this Official Statement to the Act, the Resolution, the Series Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series Resolution and the Loan Agreement 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 shall 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 Insurer have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2008B BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2008B 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
PAUL T. WILLIAMS, JR. – EXECUTIVE DIRECTOR

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

OFFICIAL STATEMENT RELATING TO
\$115,000,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY
REVENUE BONDS, SERIES 2008B

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page, the inside cover page and appendices, is to provide information about the Authority, the University and the Insurer, in connection with the offering by the Authority of \$115,000,000 principal amount of its Fordham University Revenue Bonds, Series 2008B (the “Series 2008B Bonds”).

The following is a brief description of certain information concerning the Series 2008B Bonds, the Authority, the Insurer and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2008B 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 2008B Bonds are being issued (i) to pay the Costs of the 2008B Project, as described below in “PART 5 – THE 2008B PROJECT”, (ii) to provide moneys sufficient to pay a portion of the interest accruing on the Series 2008B Bonds, (iii) make a deposit to the Debt Service Reserve Fund in order to satisfy the Debt Service Reserve Fund Requirement with respect to the Series 2008B Bonds, and (iv) to pay certain Costs of Issuance of the Series 2008B Bonds, including the premium for the Financial Guaranty Insurance Policy. See “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Series 2008B Bonds will be issued pursuant to the Resolution, the Series 2008B Resolution and the Act. The Resolution authorizes the issuance of multiple Series of Bonds, each of which Series is to be separately secured by (i) the funds and accounts established with respect to such Series of Bonds under a Series Resolution and (ii) the Revenues pledged to such Series of Bonds and derived from payments under the loan agreement entered into by the Authority and University in connection with the issuance of such Series of Bonds. The Series 2008 Resolution authorizes the issuance of the Series 2008B Bonds in an amount not to exceed \$125,000,000. Neither the funds and accounts established under a Series Resolution nor the loan agreement entered into or any mortgage or other security granted in connection with the issuance of a Series of Bonds shall secure any other Series of Bonds.

The Authority

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. See “PART 7 – THE AUTHORITY.”

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, and Lincoln Center in mid-town Manhattan. See “PART 4 – THE UNIVERSITY” and “Appendix B – Financial Statements of Fordham University and Independent Auditors’ Report.”

The Series 2008B Bonds

The Series 2008B Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2009 and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2008B BONDS.”

Payment of the Series 2008B Bonds

The Series 2008B Bonds will be special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the University under the Loan Agreement, which payments are pledged and assigned to the Trustee. The Loan Agreement is a general obligation of the University. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS – Payment of the Series 2008B Bonds.”

Security for the Series 2008B Bonds

Each Series of Bonds issued under the Resolution, including the Series 2008B Bonds, will be separately secured from each other Series of Bonds. The Series 2008B 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 2008B Bonds will also be secured by the proceeds from the sale of the Series 2008B Bonds (until disbursed as provided in the Resolution) and all funds and accounts authorized under the Resolution and established by the Series 2008B Resolution (with the exception of the Arbitrage Rebate Fund), including a Debt Service Reserve Fund which will be funded at its requirement from proceeds of the Series 2008B Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS - Security for the Series 2008B Bonds.”

The Series 2008B Bonds will not be a debt of the State nor will the State be liable thereon, nor shall the Series 2008B Bonds be payable out of any funds other than from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts established by the Series 2008B Resolution (with the exception of the Arbitrage Rebate Fund) and pledged therefor under the Resolution. The Authority has no taxing power.

The Financial Guaranty Insurance Policy

The Insurer has committed to issue the Financial Guaranty Insurance Policy guaranteeing the payment of the principal and Sinking Fund Installments of and the interest on the Series 2008B Bonds when due. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS - The Financial Guaranty Insurance Policy” and “Appendix F - Specimen Financial Guaranty Insurance Policy.”

Covenants

The University has entered into certain covenants in the Loan Agreement for the benefit of the Authority and the Insurer, including, among others, a rate covenant, a liquidity covenant and covenants relating to the disposition of assets, permitted liens and the incurrence of additional indebtedness. For a description of such covenants, see “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS – Certain Covenants of the University” and “Appendix D – Summary of Certain Provisions of the Loan Agreement.”

The 2008B Project

A portion of the proceeds from the Series 2008B Bonds will be used to finance various construction and renovation projects throughout the Fordham University system. See “PART 5 – THE 2008B PROJECT” for a description of the most significant components of the 2008B Project.

PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2008B Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2008B Resolution and the Financial Guaranty Insurance Policy. Copies of the Loan Agreement, the Resolution, the Series 2008B Resolution and the Financial Guaranty Insurance Policy 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 Resolution” and “Appendix F - Specimen Financial Guaranty Insurance Policy” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2008B Bonds

The Series 2008B Bonds will be special obligations of the Authority. The Series 2008B Bonds are payable solely from the Revenues, which consist of payments to be made by the University pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2008B Bonds and to maintain the Debt Service Reserve Fund at the Debt Service Reserve Fund Requirement. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Series 2008B Bondholders.

The Loan Agreement is a general obligation of the University and obligates the University to make payments to satisfy the principal and Sinking Fund Installments, if any, of and interest on Outstanding Series 2008B Bonds. 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 interest coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments, if any, coming due on the next succeeding July 1. The Loan Agreement also obligates the University to pay, at least 45 days prior to a redemption date of Series 2008B Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Bonds. In addition, the Institution has covenanted to pay within 15 days after notice is given, the amount if any, necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

The Authority has directed, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2008B Bonds.

Security for the Series 2008B Bonds

The Series 2008B Bonds are secured by the pledge and assignment of the Revenues, the proceeds of the Series 2008B Bonds (until disbursed as provided in the Resolution), all funds and accounts authorized under the Resolution and established by the Series 2008B Resolution (except the Arbitrage Rebate Fund), which includes the Debt Service Reserve Fund, and by the Authority’s security interest in the Pledged Revenues, subject to Prior

Pledges. Pursuant to the terms of the Resolution, the Revenues and the funds and accounts established by the Series 2008B Resolution secure only the Series 2008B Bonds and do not secure any other Series of Bonds issued under the Resolution, regardless of their dates of issue.

Pledged Revenues

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 2008B Bonds. The Authority has pledged and assigned to the Trustee for the benefit of the Holders of the Series 2008B Bonds its security interest in the Pledged Revenues. For the fiscal year ended June 30, 2007, the University reported net tuition and fees revenue of \$273,465,815. See “PART 4 – THE UNIVERSITY – FINANCIAL STATEMENT INFORMATION” and “PART 4 – THE UNIVERSITY – Outstanding Indebtedness and Other Obligations.”

Debt Service Reserve Fund

The Series 2008B Resolution establishes the Debt Service Reserve Fund, which is to be held by the Trustee and applied solely for the purposes specified in the Resolution and pledged to secure the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2008B Bonds.

The Debt Service Reserve Fund for the Series 2008B Bonds is required to be maintained at an amount equal to the lesser of (i) one-half (1/2) of the greatest amount required in the then current or any future calendar year to pay the sum of interest on the Series 2008B Bonds payable during such calendar year, and the principal and Sinking Fund Installments, if any, of the Series 2008B Bonds payable on July 1 of such calendar year, (ii) an amount equal to ten percent (10%) of the net proceeds of the sale of the Series 2008B Bonds, and (iii) 125% of the average of the principal and interest becoming due in any one calendar year on the Series 2008B Bonds. The Debt Service Reserve Fund will be funded upon issuance of the Series 2008B Bonds with proceeds of the Series 2008B Bonds. The University may substitute a surety bond, insurance policy or letter of credit meeting the requirements of the Resolution for all or a portion of the Debt Service Reserve Fund Requirement. See “Appendix D – Summary of Certain Provisions of the Resolution.”

Moneys in the Debt Service Reserve Fund are to be withdrawn and deposited in the Debt Service Fund whenever the amount in the Debt Service Fund on the fourth Business Day preceding each interest payment date is less than the amount which is necessary to pay the principal and Sinking Fund Installments, if any, of and interest on Outstanding Series 2008B Bonds payable on such interest payment date. The Loan Agreement requires that the University restore the Debt Service Reserve Fund to its requirement by paying the amount of any deficiency therein within fifteen (15) days after notice of such deficiency is given. Moneys in the Debt Service Reserve Fund in excess of its requirements may be withdrawn by the Trustee and deposited at the direction of the Authority in other funds and accounts and applied by the Trustee in accordance with the Resolution. See “Appendix D – Summary of Certain Provisions of the Resolution.”

The Financial Guaranty Insurance Policy

The following information is not complete and reference is made to Appendix F for a specimen of the Financial Guaranty Insurance Policy (the “Policy”) of Assured Guaranty Corp. (“Assured Guaranty” or the “Insurer”).

The Policy

Assured Guaranty has made a commitment to issue the Policy relating to the Series 2008B Bonds, effective as of the date of issuance of such Bonds. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Series 2008B Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the “Insured Payments”). Insured Payments shall not

include any additional amounts owing by the Authority solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

“Due for Payment” means, when referring to the principal of the Series 2008B Bonds, the stated maturity date thereof, or the date on which such Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Bonds, means the stated dates for payment of interest.

“Nonpayment” means the failure of the Authority to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on the Series 2008B Bonds. It is further understood that the term Nonpayment in respect of a Bond also includes any amount previously distributed to the Holder (as such term is defined in the Policy) of such Bond in respect of any Insured Payment by or on behalf of the Authority, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Series 2008B Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

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

The Insurer

Assured Guaranty Corp. (“Assured Guaranty”) is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty’s business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty's financial strength is rated "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), "AAA" by Fitch, Inc. ("Fitch") and "Aaa" by Moody's Investors Service, Inc. ("Moody's"). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Capitalization of Assured Guaranty Corp.

As of March 31, 2008, Assured Guaranty had total admitted assets of \$1,518,398,730 (unaudited), total liabilities of \$1,138,285,708 (unaudited), total surplus of \$380,113,022 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$1,001,533,924 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of \$1,361,538,502 (audited), total liabilities of \$961,967,238 (audited), total surplus of \$399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of \$982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2007 (which was filed by AGL with the Securities and Exchange Commission (the "SEC") on February 29, 2008);

The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 (which was filed by AGL with the SEC on May 9, 2008); and

The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Series 2008B Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS – The Financial Guaranty Insurance Policy – The Insurer" shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are

available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at <http://www.sec.gov> and at AGL's web site at <http://www.assuredguaranty.com>, from the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Series 2008B Bonds or the advisability of investing in the Series 2008B Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS – The Financial Guaranty Insurance Policy."

Certain Covenants of the University

The Loan Agreement contains certain financial covenants of the University which shall remain in effect so long as the Series 2008B Bonds remain Outstanding.

Limitation on Liens. The University has covenanted that it shall not without the prior written consent of the Authority and the Insurer create or permit the creation of any mortgage lien upon the University's Rose Hill Core Campus Real Property unless, upon or prior to the creation of any such mortgage lien, the University shall grant a mortgage in favor of the Trustee, as security for the performance of the University's obligations under the Loan Agreement with respect to the Series 2008B Bonds, which Mortgage shall constitute a valid parity lien upon the Rose Hill Core Campus Real Property for the benefit of the Holders of the Series 2008B Bonds.

Rate and Liquidity Covenants. The University has agreed, to the extent permitted by law, to charge and collect tuition, rates, fees and other charges which, together with all other receipts and revenues of the University and any other funds available therefor, shall be sufficient in each Fiscal Year to generate a Debt Service Coverage Ratio (Net Revenues Available for Debt Service to Maximum Annual Debt Service) at least equal to 1.00. The University has also covenanted to maintain in each Fiscal Year a Liquidity Ratio (Expendable Financial Resources to Long-Term Indebtedness) at least equal to 0.5.

Limitation on Additional Indebtedness. The University has agreed, that except for Permitted Indebtedness, it shall not, without the prior written consent of the Authority and the Insurer, incur Indebtedness, directly, indirectly or contingently. Permitted Indebtedness includes: (a) Long-Term Indebtedness if, after taking into account all existing Indebtedness and the proposed Indebtedness to be incurred, the Debt Service Coverage Ratio (i) for the Historic Test Period is at least equal to 1.20 and (ii) for the Future Test Period is projected to be at least 1.20, (b) Short-Term Indebtedness, provided that immediately after the incurrence of such Indebtedness the aggregate outstanding principal amount of all Short Term Indebtedness does not exceed \$30,000,000, (c) Refunding Indebtedness; (d) Non-Recourse Indebtedness, and (e) Indebtedness in the form of capital leases provided that the aggregate outstanding principal amount of all capital leases shall not exceed \$15,000,000.

Sale, Lease or Disposition of Assets. The University has agreed that it shall not without the prior written consent of the Authority and the Insurer, sell, lease (as lessor), remove, transfer, convey or otherwise dispose of (i) any of the University's non-cash assets unless after giving effect to the proposed transaction the University's Debt Service Coverage Ratio will be at least equal to 1.00 and will not have declined by more than twenty percent (20%) as a result of the transaction; and (ii) any of the University's cash assets unless after giving effect to the proposed transaction the University's Liquidity Ratio will be at least equal to 0.5, and there has not been a twenty percent (20%) or greater decline in Expendable Financial Resources as a result of the transaction.

For a more complete description of the covenants described above and other covenants of the University, see “Appendix D – Summary of Certain Provisions of the Loan Agreement.”

Events of Default and Acceleration

Under the terms of the Resolution, an Event of Default thereunder or under the Series 2008B Resolution constitutes an Event of Default only with respect to the Series 2008B Bonds. The following are Events of Default under the Resolution and the Series 2008B Resolution: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Series 2008B Bond; (ii) a default by the Authority in the payment of interest on any Series 2008B Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2008B 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 2008B Bonds or in the Resolution or in the Series 2008B 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 2008B 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, upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2008B Bonds, shall declare the principal of and interest on all the Outstanding Series 2008B 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 2008B Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may, with the written consent of the Holders of not less than 25% in principal amount of Series 2008B 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. So long as the Financial Guaranty Insurance Policy is in effect with respect to the Series 2008B Bonds and the Insurer has not failed to comply with its payment obligations under such Policy, the Insurer shall be deemed to be the Holder of the Series 2008B Bonds for purposes of (a) exercising all remedies and directing the Trustee to take actions or for any other purposes following an event of default under the Resolutions, and (b) granting any consent, direction or approval or taking any action permitted by or required under the Resolutions to be granted or taken by the Holders of such Series 2008B Bonds. See “Appendix D - Summary of Certain Provisions of the Resolution.”

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 (i) the Insurer, as soon as practicable, (ii) to the University, within five (5) days and (iii) 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 2008B Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2008B Bonds.

Issuance of Additional Bonds

In addition to the Series 2008B 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.

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 prior to or after the scheduled delivery date of the Series 2008B Bonds, nor is there any limit on the amount of additional bonds which may be issued on behalf of the University under the bond resolutions which authorized the issuance of the Authority's outstanding bonds for the University.

General

The Series 2008B Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 7 – THE AUTHORITY."

PART 3 – THE SERIES 2008B BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2008B Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "Appendix C – Summary of Certain Provisions of the Loan Agreement" and "Appendix D – Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2008B Bonds.

Description of the Series 2008B Bonds

The Series 2008B Bonds will be issued pursuant to the Resolution and the Series 2008B Resolution. The Series 2008B Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2009 and on each July 1 and January 1 thereafter) at the rates set forth on the inside cover page of this Official Statement.

The Series 2008B Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2008B Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2008B Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2008B Bonds, payments of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2008B Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2008B Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2008B Bonds, the Series 2008B Bonds will be exchangeable for fully registered Series 2008B Bonds in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See "– Book-Entry Only System" and "Appendix D – Summary of Certain Provisions of the Resolution."

Interest, principal and Redemption Price on the Series 2008B Bonds will be payable in lawful money of the United States of America. Interest on the Series 2008B Bonds will be paid by check or draft mailed to the registered owner or, at the option of the registered owner of at least \$1,000,000 in principal amount of Series 2008B Bonds, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has directed the Trustee not less than five (5) days prior to the Record Date. The principal or Redemption Price of the Series 2008B Bonds will be payable at the principal corporate trust office of The Bank of New York, New York, New York, the Trustee and Paying Agent or, in the case of the Redemption

Price, at the option of a registered owner of at least \$1,000,000 in principal amount of Series 2008B 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 directed the Trustee at the time such Series 2008B Bonds are surrendered to the Trustee. As long as the Series 2008B Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC.

For a more complete description of the Series 2008B Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2008B Bonds are subject to optional and mandatory redemption, and to purchase in lieu of redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2008B Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Optional Redemption

The Series 2008B Bonds maturing on or before July 1, 2018 are not subject to optional redemption prior to maturity. The Series 2008B Bonds maturing on or after July 1, 2019 are subject to redemption prior to maturity on or after July 1, 2018, in any order at the option of the Authority, as a whole or in part at any time, at a price of par plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption

The Series 2008B Bonds maturing after July 1, 2018 are also subject to purchase in lieu of optional redemption prior to maturity at the election of the University, with the consent of the Insurer, on or after July 1, 2018, in any order, in whole or in part at any time, at a price of 100% of the principal amount thereof (the “Purchase Price”), plus accrued interest to the date set for purchase (the “Purchase Date”).

Special Redemption

The Series 2008B Bonds are also subject to redemption prior to maturity, in whole or in part, at 100% of the principal amount thereof plus accrued interest to the date of redemption, at the option of the Authority on any interest payment date, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Series 2008B Project, and (ii) from unexpended proceeds of the Series 2008B Bonds upon the abandonment of all or a portion of the Series 2008B Project due to a legal or regulatory impediment.

Mandatory Redemption

In addition, the Series 2008B Bonds maturing on July 1, 2033 and July 1, 2038 are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 (or such preceding interest payment date) of each year the principal amount of Series 2008B Bonds specified for each of the years shown below:

Series 2008B Bonds Maturing on July 1, 2033		Series 2008B Bonds Maturing on July 1, 2038	
<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>
2029	\$4,555,000	2034	\$5,815,000
2030	4,785,000	2035	6,105,000
2031	5,020,000	2036	6,410,000
2032	5,275,000	2037	6,730,000
2033	5,535,000 [†]	2038	7,065,000 [†]

[†] Final maturity.

The Authority may from time to time direct the Trustee to purchase Series 2008B 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 2008B 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 2008B Bonds of the same maturity. The University also may purchase Series 2008B Bonds and apply any Series 2008B 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 2008B Bonds of the same maturity. To the extent the Authority's obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Bondholder's Series 2008B Bonds of the maturity so purchased will be reduced for such year.

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2008B Bonds, other than mandatory redemptions, the Authority will select the maturities of the Series 2008B Bonds to be redeemed. If less than all of the Series 2008B Bonds of a maturity are to be redeemed, the Series 2008B Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2008B Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the Insurer and the registered owners of any Series 2008B Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than ten Business Days prior to the date such notice is given. Each notice of redemption may state, among other things, that the redemption is conditioned upon the availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2008B Bonds to be redeemed. The failure of any owner of a Series 2008B Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2008B Bond with respect to which notice has been given in accordance with the Resolution. If directed in writing by an Authorized Officer of the Authority, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 45 days prior to the redemption date, but publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of Series 2008B Bonds.

If on the redemption date moneys for the redemption of the Series 2008B Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2008B Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2008B Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Series 2008B Bonds will be given in the name of the University to the Insurer and the registered owners of the Series 2008B Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the date for purchase specified in such notice. The Series 2008B Bonds to be purchased are required to be tendered on the date set for purchase to the Trustee. Series 2008B Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. Series 2008B Bonds purchased in lieu of redemption will remain Outstanding under the Resolution.

The University's obligation to purchase a Series 2008B Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2008B Bonds to be purchased on the date set for purchase. If sufficient money is available on the date set for purchase to pay the purchase price of the Series 2008B Bonds to be purchased, the former registered owners of such Series 2008B Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the purchase price. If sufficient money is not available on the date set for purchase for payment of the purchase price, the Series 2008B Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the date set for purchase, who will be entitled to the payment of the principal of and interest on such Series 2008B Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2008B Bonds of a maturity are to be purchased, the Series 2008B Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2008B Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2008B Bonds, see "Appendix D – Summary of Certain Provisions of the Resolution." Also see "Book-Entry Only System" below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2008B Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

The information under this heading has been furnished by DTC. Neither the Authority nor the University makes any representations 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.

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing

corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is in turn owned by a number of its Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation, also subsidiaries of DTCC, as well as by the New York Stock Exchange, Inc., the American Stock Exchange Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2008B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008B Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2008B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2008B Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2008B Bonds, except in the event that use of the book-entry system for the Series 2008B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008B Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2008B Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008B Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2008B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to Cede & Co. (or such other nominee). If less than all of the Bonds within a maturity of the Series 2008B Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other nominee) will consent or vote with respect to Series 2008B Bonds. Under its usual procedures, DTC mails an omnibus proxy (the “Omnibus Proxy”) to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2008B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2008B Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2008B Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2008B Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2008B Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2008B Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the Series 2008B Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its service as securities depository with respect to the Series 2008B Bonds at any time by giving reasonable notice to the Authority and the Trustee, or the Authority may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Authority may retain another securities depository for the Series 2008B Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Authority directs the Trustee to deliver such bond certificates, such Series 2008B Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 2008B Bonds in any other authorized denominations and of the same maturity as set forth in the Resolution, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Authority.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DIRECT 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 DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR 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 2008B Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2008B Bonds (other than under the captions "PART 10 – TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2008B Bonds.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry-Only System" has been extracted from information furnished by DTC. Neither the Authority nor the Underwriter makes 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.

Principal and Interest Requirements

The following table sets forth the amounts, after giving effect to the issuance of the Series 2008B 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 the principal of and interest on the Series 2008B Bonds, debt service on other outstanding indebtedness of the University and the total debt service on all indebtedness of the University, including the Series 2008B Bonds. See “PART 4 – THE UNIVERSITY – FINANCIAL STATEMENT INFORMATION – Outstanding Indebtedness and Other Obligations.”

Series 2008B Bonds					
12 Month Period Ending June 30	Principal Payments	Interest Payments	Total Debt Service on the Series 2008B Bonds	Debt Service on Other Outstanding Indebtedness⁽¹⁾	Total Debt Service
2009	-	\$2,372,239	\$2,372,239	\$14,319,035	\$16,691,274
2010	\$1,815,000	5,438,098	7,253,098	14,311,535	21,564,633
2011	2,020,000	5,371,498	7,391,498	14,308,410	21,699,908
2012	2,080,000	5,309,998	7,389,998	14,263,660	21,653,658
2013	2,140,000	5,245,628	7,385,628	14,264,035	21,649,663
2014	2,205,000	5,176,626	7,381,626	14,326,723	21,708,349
2015	2,280,000	5,102,035	7,382,035	14,329,223	21,711,258
2016	2,355,000	5,022,063	7,377,063	11,981,598	19,358,661
2017	2,440,000	4,932,050	7,372,050	11,960,623	19,332,673
2018	2,535,000	4,819,875	7,354,875	11,971,848	19,326,723
2019	2,665,000	4,689,875	7,354,875	11,972,913	19,327,788
2020	2,795,000	4,553,375	7,348,375	11,986,000	19,334,375
2021	2,935,000	4,410,125	7,345,125	11,976,638	19,321,763
2022	3,085,000	4,259,625	7,344,625	12,178,700	19,523,325
2023	3,235,000	4,101,625	7,336,625	12,173,825	19,510,450
2024	3,400,000	3,935,750	7,335,750	12,759,950	20,095,700
2025	3,570,000	3,761,500	7,331,500	12,587,600	19,919,100
2026	3,745,000	3,578,625	7,323,625	12,396,475	19,720,100
2027	3,935,000	3,386,625	7,321,625	12,157,000	19,478,625
2028	4,130,000	3,185,000	7,315,000	12,155,500	19,470,500
2029	4,340,000	2,973,250	7,313,250	3,858,250	11,171,500
2030	4,555,000	2,750,875	7,305,875	3,864,000	11,169,875
2031	4,785,000	2,517,375	7,302,375	3,868,875	11,171,250
2032	5,020,000	2,272,250	7,292,250	3,872,625	11,164,875
2033	5,275,000	2,014,875	7,289,875	-	7,289,875
2034	5,535,000	1,744,625	7,279,625	-	7,279,625
2035	5,815,000	1,460,875	7,275,875	-	7,275,875
2036	6,105,000	1,162,875	7,267,875	-	7,267,875
2037	6,410,000	850,000	7,260,000	-	7,260,000
2038	6,730,000	521,500	7,251,500	-	7,251,500
2039	7,065,000	176,625	7,241,625	-	7,241,625

⁽¹⁾ See “PART 4 – THE UNIVERSITY – FINANCIAL STATEMENT INFORMATION – Outstanding Indebtedness and Other Obligations” for a more detailed description of the University’s outstanding indebtedness. The outstanding indebtedness includes indebtedness secured by Prior Pledges. See “Appendix A – Definitions.”

PART 4 – THE UNIVERSITY

GENERAL INFORMATION

Introduction

Fordham University (also sometimes referred to in this Part 4 as “Fordham”) 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 two 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 and sold the Marymount campus. The University has moved its Westchester operations to a leased building in Harrison, New York.

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.

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The members of the Board and its officers and their professional affiliations or principal businesses, as of July 1, 2008, are listed below.

John N. Tognino-Chair Chairman
and CEO
Pepper Financial Group

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

Lawrence Auriana
Chairman
The Kaufman Fund

Stephen E. Bepko
Senior Vice President
Capital Research Company

James E. Buckman
Vice Chairman
York Capital

Richard J. Buoncore
Managing Partner
MAI Wealth Advisors, LLC

Elizabeth Burns
Retired Senior Vice President
Capital Guardian

Donna M. Carroll
President
Dominican University

John Cecero, S.J.
Rector, Jesuit Community
of Fordham
Fordham University

Brian Conboy
Willkie Farr & Gallagher

John J. Cook, Jr
Managing Director
Seaward Management Corporation

Vincent M. Cooke, S.J
President
Canisius College

Michael J. Cosgrove
President and CEO
GE Asset Management - Mutual
Funds

Robert D. Daleo EVP, CFO and
Director
The Thomson Group

Carolyn N. Dolan
Principal
Samson Capital Advisors

Christine F. Driessen
EVP and CFO
ESPN Inc.

Vincent J. Duminuco, S.J
Jesuit Community
Fordham University

Christopher F. Fitzmaurice
CF Asset Management

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

Patricia Heller
Civic Leader

Peter W. Howe
Retired 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.

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
Director of Catholic Campus Ministry
St. Mary Student Parish , University
of Michigan

Sylvester McClearn
Managing Director
Citigroup Capital Markets

Robert B. McKeon
Founder and President
Veritas Capital, Inc.

Joseph M. McShane, S.J.
President
Fordham University

Henry S. Miller
Chairman and Managing Director,
Miller Buckfire

Robert J. O'Shea
Silver Point Capital

Frank J. Petrilli
President and CEO
Nexxar Group, 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
SFW Capital Partners, LLC

Paul C. Saunders
Partner
Cravath, Swaine & Moore LLP

Mark H. Tuohey, III Partner, Co-
Section Head,
Litigation
Vinson & Elkins, LLP

John S. Wilcha
Chairman
D.C. Safety Co, Inc.

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 2,777 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>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

Academic Year	Full-Time¹			Part-Time²			Grand Total Full- & Part-Time
	Undergraduate	Graduate & Professional	Total	Undergraduate	Graduate & Professional	Total	
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>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Tuition:					
Full-Time Undergraduate					
All Students (Except Certain continuing students)	\$26,200	\$27,775	\$30,000	\$31,800	\$34,200
Certain Continuing Students	\$25,700	\$27,245	\$29,600	\$31,375	\$33,745
Fordham College of Liberal Studies					
Per Credit	\$ 550	\$ 575	\$600	\$625	\$650
Graduate Arts and Sciences					
Per Credit	\$ 832	\$ 875	\$960	\$995	\$1,120
Law School					
J.D. Full-time (Flat Rate)	\$32,750	\$34,675	\$36,670	\$38,900	\$41,500
J.D. Part-time (Flat Rate)	\$24,565	\$26,000	\$27,500	\$29,175	\$31,125
Other Professional Schools					
Range Per Credit	\$566-\$770	\$583-\$825	\$600-\$875	\$630-\$950	\$650-\$1,010
Room Rates -Lincoln Center Campus (Range Per Year)					
From	\$6,540	\$6,930	\$7,345	\$7,785	\$8,250
To	\$10,680	\$11,320	\$12,000	\$12,720	\$13,485

The University uses a tuition structure that includes a lower rate for students who entered the University in certain years prior to the then current year. For example, the 2008-09 rate for "Certain Continuing Students" is applicable to entrants prior to the 2006-07 academic year. 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 graduate and undergraduate students for the past five 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	<u>306</u>	<u>273</u>	<u>293</u>	<u>270</u>	<u>280</u>
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</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</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

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 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.

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 2008B Bonds, and they are noted in a footnote to this table.

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 were fully refunded from the proceeds of \$96,895,000 of the Authority's Fordham University Revenue Bonds, Series 2008A issued on May 21, 2008.

On May 21, 2008 the Authority issued its \$96,895,000 Fordham University Revenue Bonds, Series 2008A to refund the Authority's Fordham University Insured Revenue Bonds, Series 2005A and to pay costs of issuance.

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 Series 2005 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 paid a fixed rate of 3.24%, and received a variable rate based on 67% of one-month LIBOR on the original notional amount of \$95,750,000, which notional amount would have reduced over time consistent with the amortization of the Series 2005 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”).

The University and MLCS amended 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 is 3.2475% 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.

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

MLCS has no obligation to make any payments with respect to the principal of, premium, if any, or interest on the Series 2008B 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 2008B 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 5 – THE 2008B PROJECT

The 2008B Project consists of the construction of a new 450 room residential facility and numerous renovation projects located at the University’s Rose Hill and West Harrison Campuses.

PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of Series 2008B Bonds.....	\$ 115,000,000
Net Original Issue Premium.....	<u>3,287,807</u>
Total Sources	<u>\$ 118,287,807</u>

Uses of Funds

Deposit to Construction Fund.....	\$ 110,933,256
Deposit to Debt Service Reserve Fund.....	3,711,000
Costs of Issuance*	2,974,673
Underwriter’s Discount.....	<u>668,878</u>
Total Uses	<u>\$ 118,287,807</u>

* Costs of Issuance includes the premium for the financial guaranty insurance policy, State Bond Issuance Charge, certain counsel fees, Rating Agency fees and printing costs, as well as other costs incurred in connection with the issuance and delivery of the Series 2008B Bonds.

PART 7 – 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 June 30, 2008, the Authority had approximately \$35.8 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 Agency’s bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at June 30, 2008 were as follows:

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

Governance

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

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

The current members of the Authority are as follows:

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

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

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on April 26, 2004. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2010.

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

Dr. Corvalan was appointed as a Member of the Authority by the Governor on June 22, 2005. Dr. Corvalan was 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 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-1980s. Mr. Ruder is a member of the board of the New York State Foundation for Science, Technology and Academic Research (NYSTAR), and also serves as chair of the board of the Adirondack Council, board member and secretary of the New York Metro Chapter of the World Presidents' Organization, and an advisory board member of 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, Ph.D., Delmar.

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

PAUL T. WILLIAMS, JR. is the Executive Director and chief administrative and operating officer of the Authority. Mr. Williams is responsible for the overall management of the Authority's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior thereto, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a practice in public finance and served there from 1984-1998. Mr. Williams began his career as an associate at the law firm of Walker & Bailey in 1977 and thereafter served as a counsel to the New York State Assembly. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

MICHAEL T. CORRIGAN is the 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 2008 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, 2008. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 8 – LEGALITY OF THE SERIES 2008B BONDS FOR INVESTMENT AND DEPOSIT

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

PART 9 – NEGOTIABLE INSTRUMENTS

The Series 2008B 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 2008B Bonds.

PART 10 – TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2008B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2008B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and the University, in connection with the Series 2008B Bonds, and Bond Counsel has assumed compliance by the Authority and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2008B Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Bond Counsel has relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2008B Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 2008B Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2008B Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2008B Bonds in order that interest on the Series 2008B Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2008B Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2008B Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and the University have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2008B Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2008B Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2008B Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2008B Bonds.

Prospective owners of the Series 2008B Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2008B Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2008B Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2008B Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of the Series 2008B Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series 2008B Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2008B Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by

reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2008B Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

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

Bond Premium

In general, if an owner acquires a Series 2008B Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2008B Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2008B Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2008B Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2008B Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2008B Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2008B Bonds under Federal or state law and could affect the market price or marketability of the Series 2008B Bonds. There can be no assurance that

any such legislation, actions or decisions, if ever enacted, taken or rendered following the issuance of the Series 2008B Bonds, will not have an adverse effect on the tax-exempt status, market price or marketability of the Series 2008B Bonds.

Prospective purchasers of the Series 2008B Bonds should consult their own advisors regarding the foregoing matters.

PART 11 – STATE NOT LIABLE ON THE SERIES 2008B 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 2008B Bonds are not a debt of the State and that the State is not liable on the Series 2008B Bonds.

PART 12 – COVENANT BY THE STATE

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

PART 13 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2008B Bonds by the Authority are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2008B Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the University by its counsel, Cullen and Dykman LLP, Garden City, New York, and by its General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Hiscock & Barclay, LLP, Albany, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2008B Bonds or questioning or affecting the validity of the Series 2008B Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Authority to finance the 2008B Project in accordance with the provisions of the Act, the Resolution and the Loan Agreement.

PART 14 – UNDERWRITING

Citigroup Global Markets Inc., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2008B Bonds from the Authority at an aggregate purchase price of \$117,618,928.83 and to make a public offering of the Series 2008B Bonds at prices that are not in excess of the public offering price or prices stated on the inside cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2008B Bonds if any are purchased.

The Series 2008B 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 15 – CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended (“Rule 15c2-12”), the University has undertaken in a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Bondholders to provide to Digital Assurance Certification LLC (“DAC”), on behalf of the Authority as the Authority’s disclosure dissemination agent, on or before 165 days after the end of each fiscal year, commencing with the fiscal year of the University ending June 30, 2008, for filing by DAC with each Nationally Recognized Municipal Securities Information Repository designated by the Securities and Exchange Commission in accordance with Rule 15c2-12 (each a “Repository”), and if and when one is established, the New York State Information Depository (the “State Information Depository”), on an annual basis, operating data and financial information of the type hereinafter described which is included in “PART 4 – THE UNIVERSITY” of this Official Statement (the “Annual Information”), together with the University’s annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to each Repository and to the State Information Depository when they become available.

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

The University also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”). In addition, the Authority has undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the University, the Trustee or the Authority, DAC will file the Notices with each such Repository or with the Municipal Securities Rulemaking Board (the “MSRB”), and with the State Information Depository, in a timely manner. With respect to the Series 2008B Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the University has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the University, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the University, the Holders of the Series 2008B Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the University, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the University and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information will consist of the following: (a) operating data and financial information of the type included in this Official Statement in “PART 4 – THE UNIVERSITY” under the headings “OPERATING INFORMATION” and “FINANCIAL STATEMENT INFORMATION” relating to: (1) student admissions, similar to that set forth under the heading “ADMISSIONS STATISTICS;” (2) student enrollment, similar to that set forth under the heading “ENROLLMENT SUMMARY;” (3) tuition and other student charges, similar to that set forth under the heading “STUDENT CHARGES;” (4) financial aid, similar to that set forth under the heading “GRADUATE AND UNDERGRADUATE FINANCIAL AID;” (5) faculty, similar to that set forth under the

heading “FACULTY PROFILE;” (6) employee relations, including material information about union contracts and, unless such information is included in the audited financial statements of the University, retirement plans; (7) restricted and designated net assets, unless such information is included in the audited financial statements of the University; (8) university investment in plant, unless such information is included in the audited financial state merits of the University; and (9) outstanding long-term indebtedness, unless such information is included in the audited financial statements of the University; together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the University and in judging the financial and operating condition of the University.

The Notices include notices of any of the following events (the “Notice Events”) with respect to the Series 2008B Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2008B Bonds; (7) modifications to the rights of holders of the Series 2008B Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2008B Bonds; (11) rating changes; and (12) failure to provide annual financial information as required. In addition, DAC will undertake to provide to each Repository or the MSRB and to the State Information Depository, in a timely manner, notice of any failure by the University to provide the Annual Information and annual financial statements by the date required in the University’s undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the University, the Trustee and/or the Authority, and no person, including any Holder of the Series 2008B Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the University may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of its obligations to provide information required thereunder, by any Holder of Outstanding Series 2008B Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2008B Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2008B Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2008B Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 2008B Resolution or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Series 2008B Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2008B Bonds will be on file at the principal office of the Authority.

PART 16 — RATINGS

The Series 2008B Bonds are expected to be rated “Aaa” by Moody’s Investors Service, Inc. The rating on the Series 2008B Bonds will be based on the Financial Guaranty Insurance Policy to be issued by Assured Guaranty. An explanation of the significance of such rating should be obtained from the rating agency furnishing the same. There is no assurance that such rating will prevail for any given period of time or that it will not be changed or withdrawn by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2008B Bonds.

PART 17 – MISCELLANEOUS

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

The agreements of the Authority with Holders of the Series 2008B Bonds are fully set forth in the Resolution and the Series 2008B Resolution. Neither any advertisement of the Series 2008B Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2008B 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 DTC and DTC's book-entry only system has been furnished by DTC. The Authority believes that this information is reliable, but makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

"Appendix A – Definitions," "Appendix C – Summary of Certain Provisions of the Loan Agreement," "Appendix D – Summary of Certain Provisions of the Resolution" and "Appendix E – Form of Approving Opinions of Bond Counsel" have been prepared by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel.

The information regarding the Insurer and the Financial Guaranty Insurance Policy under "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008B BONDS - The Financial Guaranty Insurance Policy" and in Appendix F has been furnished by the Insurer. 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 Financial Statements of the University as of and for the years ended June 30, 2007 and June 30, 2006, included in Appendix B have been audited by KPMG LLP, independent accountants, as stated in their report appearing herein, 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.

The University has reviewed the parts of this Official Statement describing the University, the 2008B Project, the Estimated Sources and Uses of Funds and Appendix B. The University shall certify as of the dates of sale and delivery of the Series 2008B Bonds that such parts do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The University has agreed to indemnify the Authority, the 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/ Paul T. Williams, Jr.
Authorized Officer

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DEFINITIONS

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CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined in the Resolution, the Series 2008B Resolution or the 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 Debt Service means the amount of principal and interest paid on Long-Term Indebtedness as reported in the Statements of Cash Flows of the Institution's annual audited financial statements for any Fiscal Year.

Annual Administrative Fee means the fee payable to the Authority 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 thereof.

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 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 the construction of the Project, 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, Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of 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.

Bond or Bonds means (i) when used in connection with the Resolution, any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution, and (ii) when used in connection with the Loan Agreement, the Series 2008B Bonds.

Bond Counsel means 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 Insurance Policy means the financial guaranty insurance policy issued by the Bond Insurer on the date of delivery of the Series 2008B Bonds insuring the payment when due of the principal of and interest on the Bonds as provided therein.

Bond Insurer means Assured Guaranty Corp., a Maryland-domiciled insurance company, as the insurer of the Series 2008B 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 means, unless otherwise defined in connection with Bonds of a particular Series, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York.

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.

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

Continuing Disclosure Agreement means the Agreement to Provide Continuing Disclosure, entered into in connection with the issuance of the Bonds, by and among the Authority, the Institution, the Trustee and such other parties thereto designated at such time, to provide continuing disclosure.

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

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 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, a Credit Facility, a Reserve Fund Facility, 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.

Debt Service Coverage Ratio means the ratio for the period in question of Net Revenues Available for Debt Service to Maximum Annual Debt Service.

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 with respect to the Series 2008B Bonds, as of any particular date of computation, which date of computation shall be subsequent to July 1 of each calendar year, an amount equal to the lesser of (i) one-half (1/2) of the greatest amount required in the then current or any future calendar year to pay the sum of interest on the Series 2008B Bonds payable during such calendar year, and the principal and Sinking Fund Installments, if any, of the Series 2008B Bonds payable on July 1 of such calendar year, excluding interest accruing on the Series 2008B Bonds from the dated date of the Series 2008B Bonds to the January 1 or July 1 immediately preceding the first interest payment date, (ii) an amount equal to ten percent (10%) of the net proceeds of the sale of the Series 2008B Bonds, and (iii) an amount equal to one hundred twenty five percent (125%) of the average of the principal, whether at maturity or on mandatory redemption, and interest becoming due in any one calendar year on the Series 2008B Bonds.

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

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 means (i) when used in connection with the Resolution, each event summarized in Appendix D under the heading “Events of Default” and, (ii) when used in connection with the Loan Agreement, each event 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 or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two nationally recognized statistical rating services; (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Expendable Financial Resources means Unrestricted Net Assets as reported in the Statements of Financial Position of the Institution’s annual audited financial statements for each Fiscal Year less Plant Equity.

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.

Fiscal Year means the duly adopted Fiscal Year of the Institution.

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.

Historic Test Period means the two most recent full Fiscal Years of the Institution.

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

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.

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

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 Expense means total interest expense on Indebtedness for any Fiscal Year as reported in the Institution's annual audited financial statements.

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.

Liquidity Ratio means the ratio for the period in question of Expendable Financial Resources to the principal amount of Long-Term Indebtedness outstanding.

Loan Agreement means (i) when used in connection with the Resolution, 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, and (ii) when used with respect to the Series 2008B Bonds, the Loan Agreement, dated as of May 28, 2008, between the Authority and the Institution, and all exhibits and schedules thereto, as the same may be amended, supplemented or otherwise modified as permitted thereby and by the Resolution.

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

Maximum Annual Debt Service means on any date, when used with respect to the Series 2008B 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 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 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.

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 when used in connection with the Resolution, 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 thereafter erected thereon and the furnishings and equipment owned by the Institution located thereon or therein as may be specifically identified in a Mortgage.

Net Revenues Available for Debt Service means, as to any period of time, the increase in unrestricted net assets from operations, including funds made available for operations from the endowment, before depreciation and interest, as determined in accordance with generally accepted accounting principles consistently applied; provided, that no determination thereof shall take into account (i) any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets not in the ordinary course of business; (ii) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (iii) any extraordinary gain or loss as defined and allowed under generally accepted accounting principles; or (iv) unrealized gains or losses from investments (notwithstanding generally accepted accounting principles).

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

Official Statement means an official statement, prospectus, offering circular, offering memorandum or other offering document relating to and in connection with the sale of the Bonds.

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 pursuant to 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 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 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 has 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.

Person shall mean an individual, a corporation, a partnership, an association, a trust or another entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Plant Equity means Net Investment in Plant Assets as reported in the Statements of Financial Position of the Institution's annual audited financial statements for each Fiscal Year less Long-Term Indebtedness of the Institution.

Pledged Revenues means an amount equal to 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 to secure the Institution's obligations under agreements entered into with the Authority with respect to (i) the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 1994, (ii) the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 1998, (iii) the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2002, (iv) the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2004, and (v) the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2008A-1 and Series 2008A-2.

Project means (i) when used in connection with the Resolution, 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 (ii) when used in connection with the Loan Agreement or the Series 2008B Bonds, each of the buildings and improvements, and the land appurtenant thereto, more particularly described in the Loan Agreement, acquired, constructed, reconstructed or otherwise renovated or improved with the proceeds of the Series 2008B Bonds.

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.

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 Indebtedness means Indebtedness issued or incurred to pay or provide for the payment of other Indebtedness. Refunding Indebtedness may be issued or incurred without limitation if, (a) after giving effect to the issuance of such Refunding Indebtedness, the Maximum Annual Debt Service on Institution's outstanding Indebtedness will not be greater in any Fiscal Year and (b) the Institution delivers to the Authority a certificate from an Authorized Officer to that effect.

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

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

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

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.

Resolution means the Authority's Fordham University Revenue Bond Resolution, adopted March 26, 2008, as the same may be amended, supplemented or otherwise modified pursuant to the terms 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.

Rose Hill Core Campus Real Property means the real property, buildings and improvements erected or to be erected on the Institution's campus identified as Block 3273 Tax Lot 1.

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 Resolution means (i) when used in connection with the Resolution, a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution, and (ii) when used in connection with the Loan Agreement, the Series 2008B Resolution.

Series 2008B Resolution means the Authority's Series Resolution Authorizing Up to \$125,000,000 Fordham University Revenue Bonds, Series 2008B adopted with respect to the Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

Short-Term Indebtedness means Indebtedness having a maturity of one (1) year or less beyond the date of the original incurrence thereof.

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.

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

Tax Certificate means 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.

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.

Unrestricted Resources means Unrestricted Net Assets as reported in the Statements of Financial Position of the Institution's annual audited financial statements for each Fiscal Year less Plant Equity.

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.

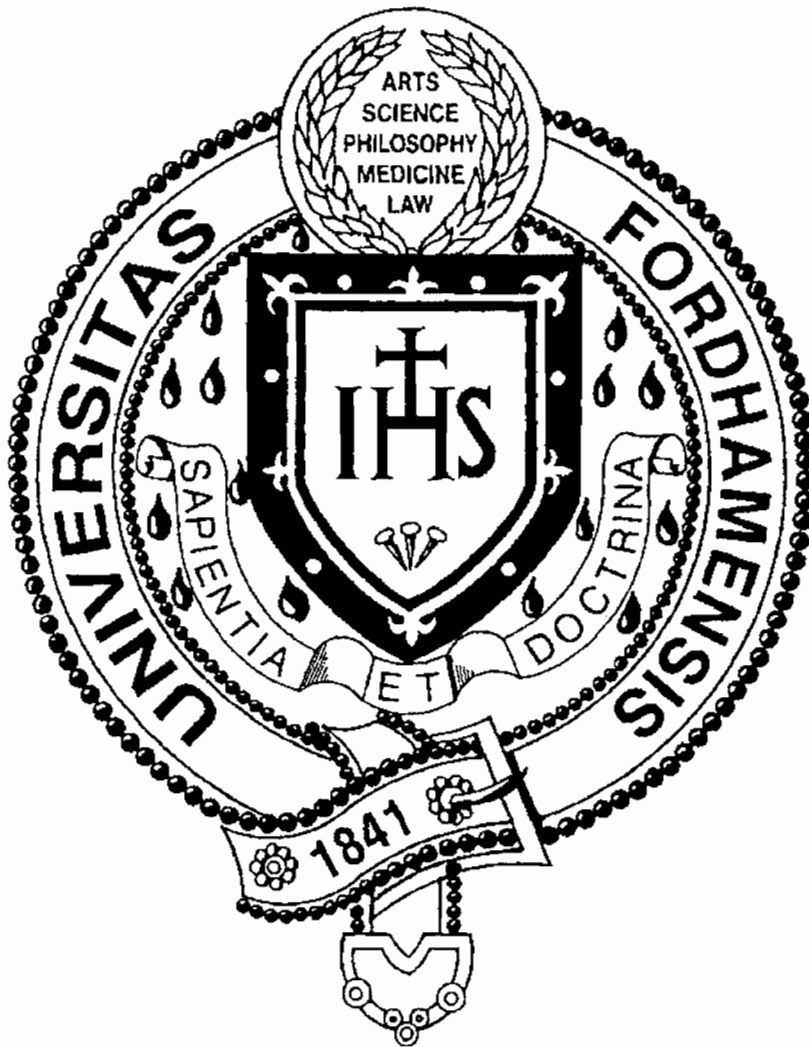
Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing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

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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	7,384,476	7,265,764
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	52,162,038	49,649,601
Total program services	<u>316,192,349</u>	<u>296,899,723</u>
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)	(1,108,085)	(4,014,677)
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	<u>724,148</u>	<u>359,643</u>
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			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
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>—</u>	<u>—</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			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
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>—</u>	<u>—</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. 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 relating thereto. 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 an Authorized Officer of the Authority, which approval shall not be unreasonably withheld or delayed.

(Section 5)

Amendment of the Project; Additional Bonds

The Project may be amended by the Institution with the prior written consent of the Authority, which consent shall not be unreasonably withheld or delayed, to decrease, increase or otherwise modify the scope thereof.

The Institution shall provide such moneys or an irrevocable letter of credit or other security in such form as may be reasonably acceptable to the Authority as in the reasonable judgment of the Authority may be required for the cost of completing the Project or a portion thereof in accordance with the Contract Documents in excess of the moneys in the Construction Fund established for such Project, whether such moneys, letter of credit or other security are required as a result of an increase in the scope of the Project or otherwise.

The Authority, upon the request of the Institution, may, but shall not be required to, issue Bonds to provide moneys required for the cost of completing the Project in excess of the moneys in the Construction Fund.

(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, and interest accrued but unpaid on investments held in the Debt Service Fund, but excluding moneys in the Debt Service Reserve Fund held for the benefit of the Bonds, 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;

(iii) 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, other than Variable Interest Rate Bonds, one-sixth (1/6) of the interest coming due on such Bonds on the immediately

succeeding interest payment; *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;

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

(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 such 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 with respect to Bonds other than Option Bonds and Variable Interest Rate Bonds, and fifteen (15) days with respect to Option Bonds and Variable Interest Rate Bonds, prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase 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 paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to provisions of the Loan Agreement summarized under the headings "Covenants 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, a Credit Facility or a Liquidity Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, (F) to restore the Debt Service Reserve Fund to its Debt Service Reserve Fund Requirement, and (G) 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 “Defaults 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 date Option Bonds are tendered for purchase by the Holders thereof or on the date Variable Interest Rate Bonds are subject to mandatory tender for purchase, as the case may be, the amount, in immediately available funds, required to pay the purchase price of Option Bonds or Variable Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from moneys to be made available pursuant to a Liquidity Facility; *provided, however*, that if such notice is given to the Institution by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 1:30 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;

(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 with respect to the Bonds; and

(xiii) 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 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 this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(v), (a)(vi), (a)(ix), (a)(x) and (a)(xiii) directly to the Trustee for deposit and application in accordance with the Resolution; (ii) the payments required by paragraph (a)(ii) directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Authority; (iii) the payments required by paragraphs (a)(i), (a)(vii) and (a)(viii) (other than pursuant to clause (F) thereof) directly to the Authority, and (iv) the payments required by paragraphs (a)(xi) and (a)(xii) to or upon the order of the Authority.

(b) Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for paragraph (a) above), all moneys paid by the Institution to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the Institution’s indebtedness to the Authority under the Loan Agreement, first, with respect to interest and, then, with respect to the

principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the provisions of the Resolution summarized in Appendix D under the heading “Defeasance”. Except as otherwise provided in the Resolution, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

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

(Section 9)

Reserve Funds

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

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

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

All Government Obligations and Exempt Obligations and other moneys deposited with the Trustee pursuant to this provision entitled "Reserve Funds", other than United States Treasury Certificates of Indebtedness State and Local Government Series ("SLGS"), (subject to provisions for registration thereof) and the principal thereof and the interest, dividends or other income payable with respect thereto shall be payable to bearer or to the registered owner. All such Government Obligations and Exempt Obligations and other moneys in registered form shall be registered in the name of the Trustee (in its fiduciary capacity) or its nominee. Record ownership of all such Government Obligations and Exempt Obligations and other moneys shall be transferred promptly following their delivery to the Trustee into the name of the Trustee (in its fiduciary capacity) or its nominee. The Institution appoints the Trustee its lawful attorney-in-fact for the purpose of effecting such registrations and transfers.

The Institution under the Loan Agreement agrees that upon each delivery to the Trustee of Government Obligations, Exempt Obligations or other moneys, whether initially or upon later delivery or substitution, the Institution shall deliver to the Authority and the Trustee a certificate of an Authorized Officer of the Institution to the effect that the Institution warrants and represents that the Government Obligations, Exempt Obligations or other moneys delivered by the Institution (i) are on the date of delivery thereof free and clear of any lien, pledge, charge, security interest or other encumbrance or any statutory, contractual or other restriction that would be inconsistent with or interfere with or prohibit the pledge, application or disposition thereof as contemplated by the Loan Agreement, by the Resolution and the Series Resolution and (ii) are pledged under the Loan Agreement pursuant to appropriate corporate action of the Institution duly had and taken.

Prior to the initial delivery of Government Obligations and Exempt Obligations to the Trustee pursuant to the Loan Agreement, and upon any later delivery or substitution, the Institution will, at its cost and expense, provide to the Authority and the Trustee a written opinion of counsel satisfactory to the Authority to the effect that the Institution has full corporate power and authority to pledge such Government Obligations and Exempt Obligations as security in accordance with the Loan Agreement, such Government Obligations and Exempt Obligations have been duly delivered by the Institution to the Trustee, such delivery creates a valid and binding pledge and security interest therein in accordance with the terms of the Loan Agreement and of the Resolution and the Series Resolution, and nothing has come to the attention of such counsel that would lead it to believe that the Government Obligations and Exempt Obligations delivered by the Institution are not free and clear of all liens, pledges, encumbrances and security interests or are subject to any statutory, contractual or other restriction which would invalidate or render unenforceable the pledge and security interest therein, or the application or disposition thereof, contemplated by the Loan Agreement or by the Resolution or the Series Resolution. In lieu of providing a written opinion of counsel to the Institution as required in the Loan Agreement after every substitution of Government Obligations or Exempt Obligations, the Institution may provide such written opinion of counsel after the first substitution provided that it shall furnish to the Authority and the Trustee, once in every calendar quarter (in the first week of each January, April, July and October) thereafter in which a substitution is made, a further written opinion of counsel to the Institution to the effect that all Government Obligations or Exempt Obligation deposited into any fund or account established under the Resolution or the Series Resolution, to and including the date of such opinion of counsel, comply with the requirements of this paragraph.

(Section 10)

Security Interest in Pledged Revenues

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

(Section 11)

Collection of Pledged Revenues

(a) Subject to the provisions of 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 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 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 paragraph (a) above, 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 paragraph (a) above, 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 (a) it has and/or will have 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 (b) the Institution has or will have 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 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 the Project (a) 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 (b) to the extent applicable, has and will have their 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)

Consent to Pledge and Assignment by the Authority.

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive any or all of the payments required to be made directly to the Trustee pursuant to the Loan Agreement, any or all security interests granted by the Institution under the Loan Agreement, including without limitation the security interest in the Pledged Revenues given by the Institution pursuant to the Loan Agreement, the security interest in the Government Obligations and the Exempt Obligations given by the Institution pursuant to Section the Loan Agreement, and all funds and accounts established by the Resolution or the Series Resolution and pledged thereby, in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated thereby whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The

Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this paragraph, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement. Any realization upon any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination hereof or the obligations of the Institution under the Loan Agreement.

(Section 15)

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, if any, (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 (subject to the Prior Pledges) given by the Loan Agreement and the security interest in the Government Obligations and Exempt Obligations 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, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity, and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the Institution's obligations under the Loan Agreement and each of the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues and the Government Obligations and Exempt Obligations made or granted pursuant to the Loan Agreement, 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, or any right to receive or collect the same or the proceeds thereof, are and will be free and clear of any pledge, lien, charge, security interests or encumbrance thereon or with respect thereto, other than the Prior Pledges prior to or of equal rank with, the pledge thereof made by 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)

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 (a) the Project, (b) the operation of the Project and supervision of the activities conducted therein or in connection with any part thereof and (c) 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 the 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 this paragraph, 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 to 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, an amount equal to the greater of:

(i) the amount, if any, which is sufficient to redeem or provide for payment in accordance with the provisions of the Resolution summarized in Appendix D under the heading “Defeasance” of any Outstanding Bonds required to be redeemed or deemed paid in order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes; and

(ii) the lesser of (A) the net proceeds of such transfer, sale or conveyance or (B) a percentage of the Outstanding Bonds determined by dividing (1) the principal amount of the Bonds issued to finance the portion of such Project being transferred, sold or conveyed (which principal amount shall be reasonably determined by the Authority) by (2) the aggregate principal amount of Bonds issued.

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, if the equipment, furniture or fixtures removed is of any material value, the Institution shall substitute 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)

Covenant as to Insurance

(a) The Institution agrees to maintain or cause to be maintained insurance with insurance companies or by means or self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the Institution, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. The Institution shall at all times also maintain worker’s compensation coverage and disability benefits insurance coverage as required by the law of the State.

(b) The Institution shall furnish to the Authority annually (1) a certificate or report of an Insurance Consultant that the insurance coverage maintained by the Institution is adequate and in accordance with the standards above, and (2) any certificates of workers’ compensation insurance and disability benefits insurance coverage required by the New York State Worker’s Compensation Board.

(c) If the Authority shall so request in writing, the Institution shall provide to the Authority summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

(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, any property casualty insurance, condemnation or eminent domain proceeds shall, if in excess of \$250,000 which are 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 follows:

(i) If within one hundred twenty (120) days (or such longer period as the Authority and the Institution may agree) from the receipt by the Authority of actual notice or knowledge of the occurrence, 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 of the property or the affected portion thereof 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 all respective proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Bonds.

(Section 26)

Taxes and Assessments

The Institution shall pay when due at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Project, or any part thereof, and upon all ordinary costs of operating, maintaining, repairing and replacing the Project and its equipment. The Institution shall file exemption certificates as required by law. The Institution agrees to exhibit to 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*, the good faith contest of such impositions and deposits with the Authority of the full amount of such impositions shall be deemed to be complete compliance with the requirements of the Loan Agreement. 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: (a) the interests or security of the Authority under the Loan Agreement or under the Resolution; (b) the ability of the Authority to enforce its rights thereunder; (c) 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 (d) the ability of the Institution to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the Institution agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 27)

Defaults and Remedies

(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 a payment required by paragraphs (a)(iii) or (a)(xi) summarized under the heading "Financial Obligations" in this Appendix C) or the payment of any other amounts required to be

delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement, or with the Resolution or the Series Resolution, and such default continues for a period in excess of seven (7) days, or (B) default in the timely payment of any amount payable pursuant to paragraph (a)(iii) summarized under the heading “Financial Obligations” in this Appendix C and such default continues for a period in excess of one (1) day, or (C) default in the timely payment of any payment pursuant to paragraph (a)(xi) summarized under the heading “Financial Obligations” in this Appendix C;

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

(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, a Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(iv) the Institution shall be in default under any agreement entered into with the issuer of or in connection with a Liquidity Facility or a Credit Facility (which default has not been waived or cured) if the Institution’s obligations thereunder are secured by a lien upon or pledge which is equal or prior to the lien created thereon or the pledge thereof made by the Loan Agreement and, upon such default, (A) the principal of any indebtedness thereunder may be declared to be due and payable or (B) the lien upon or pledge may be foreclosed or realized upon;

(v) 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;

(vi) 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;

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

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

(ix) an order of dissolution of the Institution shall be made by the Board of Regents of the University of the State of New York, the legislature of the State of New York or other governmental

authority having jurisdiction over the Institution, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

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

(xi) an order of a court having jurisdiction shall be entered directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution, which order shall remain undismissed or unstayed for the earlier of (A) three (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

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

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

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

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

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

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

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

(vi) to the extent permitted by law, (A) enter upon 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. For the purpose of exercising the rights granted by this subparagraph (vi), 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;

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

(viii) 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.

(c) 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.

(d) At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made or action taken pursuant to 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)

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. The Institution (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase the Bonds in an amount related to the amount of any obligation to be acquired from the Institution by the Authority.

The Institution covenants that it will not take any action or fail to take any action which would cause any representation or warranty of the Institution contained in the Tax Certificate then to be untrue and shall comply with all covenants and agreements of the Institution contained in the Tax Certificate, unless, in the opinion of Bond Counsel, taking or failing to take such action or failing to comply with its obligations under such Tax Certificate would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(Section 37)

Financial Covenants

Covenant Against Encumbrances

The Institution agrees that it shall not, without the prior written consent of the Authority and the Bond Insurer, create or permit the creation of any mortgage lien upon the Rose Hill Core Campus Real Property unless, upon or prior to the creation of any such mortgage lien, the Institution shall grant a Mortgage in favor of the Trustee, as security for the performance of the Institution's obligations under the Loan Agreement with respect to the Series 2008B Bonds, which Mortgage shall constitute a valid parity lien upon the Rose Hill Core Campus Real Property for the benefit of the Holders of the Series 2008B Bonds.

(Section A-1.2 of Exhibit A)

Debt Service Coverage Ratio

The Institution agrees, to the extent permitted by law, to charge and collect tuition, rates, fees and other charges which, together with all other receipts and revenues of the Institution and any other funds available therefore, shall be sufficient in each Fiscal Year (as calculated at the end of each Fiscal Year based on the

Institution's audited financial statements for such Fiscal Year), to generate a Debt Service Coverage Ratio at least equal to 1.00.

(Section A-1.3 of Exhibit A)

Liquidity Covenant

The Institution covenants that it shall maintain in each Fiscal Year (as calculated at the end of each Fiscal Year based on the Institution's audited financial statements for such Fiscal Year), a Liquidity Ratio at least equal to 0.5. Failure to maintain a Liquidity Ratio at least equal to 0.25 in any Fiscal Year shall constitute an Event of Default under the Loan Agreement.

(Section A-1.4 of Exhibit A)

Limitation on Indebtedness

(a) The Institution covenants that, except for Permitted Indebtedness described in paragraph (b) below, it shall not, without the prior written consent of the Authority and the Bond Insurer incur Indebtedness, directly, indirectly or contingently.

(b) Permitted Indebtedness shall include only the following:

(i) Long-Term Indebtedness if, prior to incurrence of such Long-Term Indebtedness, there is delivered to the Authority and the Bond Insurer a certificate of an Authorized Officer of the Institution demonstrating and certifying that, based on the two most recent Fiscal Years for which audited financial statements are available, after taking into account all existing Indebtedness and the proposed Indebtedness to be incurred (and assuming the proposed additional Indebtedness was incurred at the beginning of such period), the Debt Service Coverage Ratio (A) for the Historic Test Period is at least equal to 1.20 and (B) for the Future Test Period is projected to be at least 1.20;

(ii) Short-Term Indebtedness, provided that immediately after the incurrence of such Indebtedness the aggregate outstanding principal amount of all Short Term Indebtedness does not exceed \$30,000,000;

(iii) Non-Recourse Indebtedness

(iv) Refunding Indebtedness; and

(v) Indebtedness in the form of capital leases provided that the aggregate outstanding principal amount of all capital leases shall not exceed \$15,000,000.

(Section A-1.5 of Exhibit A)

Sale, Lease or Disposition of Assets

(a) Non-Cash Assets. The Institution covenants that, it shall not without the prior written consent of the Authority and the Bond Insurer, sell, lease (as lessor), remove, transfer, convey or otherwise dispose of any of the Institution's non-cash assets unless there is delivered to the Authority and the Bond Insurer prior to any such disposition a certificate of an Authorized Officer of the Institution demonstrating and certifying that, after giving effect to the proposed transaction, the Institution's Debt Service Coverage Ratio (i) will be at least equal to 1.00 and (ii) will not have declined by more than twenty percent (20%) as a result of the transaction.

(b) Cash Assets. The Institution covenants that, it shall not without the prior written consent of the Authority and the Bond Insurer, sell, lease (as lessor), remove, transfer, convey or otherwise dispose of any of the

Appendix C

Institution's cash assets unless there is delivered to the Authority and the Bond Insurer prior to any such disposition a certificate of an Authorized Officer of the Institution demonstrating and certifying that, after giving effect to the proposed transaction, (i) the Liquidity Ratio of the Institution will be at least equal to 0.5, and (ii) there has not been a twenty percent (20%) or greater decline in Expendable Financial Resources as a result of the transaction.

(Section A-1.6 of Exhibit A)

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**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

The following is a brief summary of certain provisions of the Resolution and the Series 2008B Resolution (collectively, the “Resolutions”). This summary does not purport to be complete and reference is made to the Resolutions for full and complete statements of such and all provisions. 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 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)

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)

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.

(Section 5.01)

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.

In addition to the funds and accounts listed above, the Series 2008B Resolution establishes a Debt Service Reserve Fund to be held and maintained by the Trustee with respect to the Series 2008B Bonds.

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 of the Resolution and Section 5.01 of the Series 2008B Resolution)

Application of Bond Proceeds and Allocation Thereof.

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

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

(Section 5.03)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of 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 section entitled “*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.

Appendix D

(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 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.

The Revenues and any other moneys, which, by any of the provisions of a Loan Agreement, are required to be paid to the Trustee, shall upon receipt thereof be deposited or paid by the Trustee in the following order of priority:

First: To the Debt Service Fund (i) in the case of Revenues received during the period from the beginning of each Bond Year until December 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds of a Series payable on or prior to the next succeeding January 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond of a Series on and prior to the next succeeding January 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, (b) the Sinking Fund Installments of Outstanding Option Bonds of a Series and Variable Interest Rate Bonds of a Series payable on or prior to the next succeeding January 1 and (c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized under the heading section entitled “*Debt Service Fund*” in this Appendix C, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum and (b) the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized under the heading “*Debt Service Fund*” in this Appendix C, plus accrued interest thereon to the date of purchase or redemption;

Second: To reimburse each Facility Provider for Provider Payments which are then unpaid the respective Provider Payments and to replenish each Debt Service Reserve Fund to its respective Debt Service Reserve Fund Requirement, pro rata, in proportion to the amount the respective Provider Payments then unpaid to each Facility Provider and the amount of the deficiency in each Debt Service Reserve Fund bears to the aggregate amount of Provider Payments then unpaid and deficiencies in the respective Debt Service Reserve Funds;

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

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority relating to such Series for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of a Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement or any Mortgage in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Fourth.

The Trustee shall, promptly after making the above required payments, notify the Authority and the Institution of any balance of Revenues remaining on the immediately succeeding July 1. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized

Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the Institution, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution.

(Section 5.05)

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.

(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)

Debt Service Reserve Fund

(a) (i) There is pursuant to the Series 208B Resolution established a Debt Service Reserve Fund with respect to the Series 2008B Bonds into which the Trustee shall deposit to the such proceeds of the sale of the Series 2008B Bonds, if any, as shall be prescribed in the Series 2008B Resolution, and any moneys, Government Obligations and Exempt Obligations as are delivered to the Trustee by the Institution for the purposes of the Debt Service Reserve Fund.

(ii) In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations otherwise required to be deposited in the Debt Service Reserve Fund, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Fund Requirement; provided that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State (i) the claims paying ability of which is rated the highest rating accorded by a nationally recognized insurance rating agency or (ii) obligations insured by a surety bond or an insurance policy issued by such company or association are rated at the time such surety bond or insurance policy is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in the highest rating category by Moody’s and S&P or, if Outstanding Series 2008B Bonds are not rated by Moody’s and S&P by whichever of said rating services that then rates Outstanding Series 2008B Bonds; provided, further, that any such letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by Moody’s and S&P or, if Outstanding Series 2008B Bonds are not rated by Moody’s and S&P by whichever of said rating services that then rates Outstanding Series 2008B Bonds.

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

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

For the purposes of this section and section entitled “*Application of Bond Proceeds and Allocation Thereof*”, in computing the amount on deposit in a Debt Service Reserve Fund, a letter of credit, a surety bond or an insurance policy shall be valued at the amount available to be drawn or payable thereunder on the date of computation.

(b) Moneys held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and applied to the payment of interest, principal and Sinking Fund Installments at the times and in the amounts required to comply with the provisions of clause (a)(i) of the section entitled “*Debt Service Fund*” above provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund pursuant to this subdivision cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve

Fund at the time moneys are to be withdrawn therefrom the Trustee shall obtain payment under each such Reserve Fund Facility *pro rata* based upon the respective amounts then available to be paid thereunder.

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

(c) Moneys and investments held for the credit of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be withdrawn by the Trustee and deposited, upon direction of the Authority, in the Arbitrage Rebate Fund, the Debt Service Fund and the Construction Fund or applied to the redemption of the Series 2008B Bonds in accordance with such direction.

(d) If, upon a valuation, the value of all moneys, Government Obligations, Exempt Obligations and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Authority, each Provider and the Institution of such deficiency. The Institution shall, as soon as practicable, but in no event later than five (5) days after receipt of such notice, deliver to the Trustee moneys, Government Obligations or Exempt Obligations the value of which is sufficient to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

(Section 5.02 of the Series 2008B Resolution)

Application of Debt Service Reserve Fund.

In the event that on the fourth Business Day preceding any interest payment date the amount in the Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Series 2008B Bonds, for the payment of principal of such Outstanding Series 2008B Bonds, for the payment of Sinking Fund Installments of such Outstanding Series 2008B Bonds due and payable on such interest payment date or for the payment of the Redemption Price of such Outstanding Series 2008B Bonds theretofore to be called for redemption, plus accrued interest thereon to the date of redemption, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Authority and the Institution of a withdrawal from the Debt Service Reserve Fund.

(Section 5.03 of the Series 2008B Resolution)

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)

Computation of Assets of Certain Funds

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Institution, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to paragraph (c) of the section entitled “*Debt Service Reserve Fund*” or pursuant to the sections entitled “*Deposit of Revenues and Allocation Thereof*”, “*Debt Service Fund*”, “*Arbitrage Rebate Fund*” or “*Application of Moneys in Certain Funds for Retirement of Bonds*” in this Appendix C, shall compute the value of the assets in the Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority and the Institution as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement.

(Section 5.04 of the Series 2008B Resolution)

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 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)

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)

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)

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)

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)

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 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)

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 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 section entitled “*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 of or 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)

Priority of Payments After Default.

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

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds of such Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all such amounts due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or

Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

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

These provisions of this section are in all respects subject to the provisions of the Resolution.

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

(Section 11.05)

Bondholders' Direction of Proceedings.

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

(Section 11.07)

Limitation of Rights of Individual Bondholders

No Holder 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

(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.

(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)

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**FORM OF APPROVING OPINION
OF BOND COUNSEL**

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Form of Approving Opinion of Bond Counsel

[Letterhead of Hawkins, Delafield & Wood, LLP]

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 \$115,000,000 aggregate principal amount of Fordham University Revenue Bonds, Series 2008B (the “Series 2008B Bonds”) of 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 the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the “Act”).

The Series 2008B Bonds are issued under and pursuant to the Act, the Fordham University Revenue Bond Resolution adopted by the Authority on March 26, 2008 (the “Bond Resolution”) and the series resolution adopted by the Authority on May 28, 2008, authorizing the Series 2008B Bonds (the “Series 2008B Resolution”). The Bond Resolution and the Series 2008B Resolution are herein collectively referred to as the “Resolutions.”

The Series 2008B Bonds are dated, mature, are payable, bear interest and are subject to redemption and purchase as provided in the Resolutions and the Bond Series Certificate (as defined in the Resolutions) of the Authority fixing the terms and details of the Series 2008B Bonds.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Resolutions create the valid pledge which they purport to create of the proceeds of the sale of the Series 2008B Bonds, the Revenues and all funds and accounts established by the Series 2008B Resolution other than the Arbitrage Rebate Fund (as such terms are defined in the Resolutions), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Resolutions permitting the application thereof to the purposes and on the terms and conditions set forth in the Resolutions.

3. The Series 2008B Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2008B Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2008B Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2008B Bonds.

5. The Loan Agreement dated as of May 28, 2008, between the Authority and Fordham University (the “University”) (the “Loan Agreement”) has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Under existing statutes and court decisions, (i) interest on the Series 2008B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2008B Bonds is not treated as a preference item in calculating the

alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering the opinions in this paragraph 6, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Federal tax compliance documents delivered on the date hereof by the Authority and the University and others with respect to the use of proceeds of the Series 2008B Bonds and the investment of certain funds, and other matters affecting the exclusion of interest on the Series 2008B Bonds from gross income for Federal income tax purposes under Section 103 of the Code, and (ii) compliance by the Authority and the University with procedures and covenants set forth in the Federal tax compliance documents and with the tax covenants set forth in the Resolutions as to such matters. Under the Code, failure to comply with such procedures and covenants may cause the interest on the Series 2008B Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the Series 2008B Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. In addition, we have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

7. Under existing statutes, interest on the Series 2008B Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any federal, state or local tax consequences arising with respect to the Series 2008B Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Series 2008B Bonds, or under state and local tax law.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion as to the effect of any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2008B Bonds, the Resolutions and the Loan Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2008B Bond and, in our opinion, the form of said Series 2008B Bond and its execution are regular and proper.

Very truly yours,

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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Financial Guaranty Insurance Policy

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "**Term**" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "Fiscal Agent") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

(SEAL)

ASSURED GUARANTY CORP.

By: _____
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

Counsel

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