


**\$124,290,000**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
THE NEW SCHOOL  
REVENUE BONDS, SERIES 2015A**

**Dated: Date of Delivery****Due: July 1, as shown on the inside cover**

**Payment and Security:** The New School Revenue Bonds, Series 2015A (the "Series 2015A Bonds") are special obligations of the Dormitory Authority of the State of New York ("DASNY") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of March 11, 2015, between The New School (the "University") and DASNY, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) established under DASNY's The New School Revenue Bond Resolution, adopted October 27, 2010 (the "Resolution") and the Series 2015A Resolution Authorizing Up To \$440,000,000 The New School Revenue Bonds, Series 2015A, adopted March 11, 2015 (the "Series 2015A Resolution" and, together with the Resolution, the "Resolutions").

The Loan Agreement is a general obligation of the University and requires the University to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2015A Bonds, as such payments become due. The obligations of the University under the Loan Agreement to make such payments are secured by a pledge of tuition and fee revenue of the University. Such pledge is subordinate to certain Prior Pledges, if any.

**The Series 2015A Bonds will not be a debt of the State of New York (the "State") and the State will not be liable thereon. DASNY has no taxing power.**

**Description:** The Series 2015A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and will bear interest at the rates and will pay interest and mature at the times and in the respective principal amounts shown on the inside cover hereof. Interest (due July 1, 2015 and each January 1 and July 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2015A Bonds at their addresses as shown on the registration books held by the Trustee or, at the option of a holder of at least \$1,000,000 in principal amount of Series 2015A Bonds, by wire transfer to the holder of such Series 2015A Bonds, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal or Redemption Price of the Series 2015A Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of Series 2015A Bonds, by wire transfer to the holder of such Series 2015A Bonds as more fully described herein.

The Series 2015A 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 2015A Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2015A Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2015A Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2015A BONDS - Book-Entry Only System" herein.

**Redemption or Purchase:** *The Series 2015A Bonds are subject to redemption and purchase in lieu of optional redemption prior to maturity as more fully described herein.*

**Tax Matters:** In the opinions of Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, Co-Bond Counsel to DASNY (collectively, "Co-Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2015A 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 2015A 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, Co-Bond Counsel are of the opinion that under existing statutes, interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "PART 10 - TAX MATTERS" herein regarding certain other tax considerations.

*The Series 2015A Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2015A Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its Special Counsel, Nixon Peabody LLP, New York, New York, and certain other legal matters will be passed upon for the University by its chief legal officer. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Locke Lord LLP (successor by merger to Edwards Wildman Palmer LLP), New York, New York, and The Hardwick Law Firm LLC, New York, New York. DASNY expects to deliver the Series 2015A Bonds in definitive form in New York, New York, on or about May 1, 2015.*

**\$124,290,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**THE NEW SCHOOL**  
**REVENUE BONDS, SERIES 2015A**

**\$46,340,000 Serial Bonds**

<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>(1)</sup></u>	<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>(1)</sup></u>
2016	\$1,535,000	3.000%	0.410%	64990BCZ4	2026	\$2,410,000	5.000%	2.610%*	64990BDK6
2017	1,570,000	4.000	0.740	64990BDA8	2027	1,585,000	5.000	2.730*	64990BDL4
2018	1,640,000	5.000	1.050	64990BDB6	2028	1,665,000	5.000	2.840*	64990BDM2
2019	1,715,000	5.000	1.390	64990BDC4	2029	1,750,000	5.000	2.910*	64990BDN0
2020	1,805,000	5.000	1.600	64990BDD2	2030	1,835,000	5.000	3.010*	64990BDP5
2021	1,895,000	5.000	1.800	64990BDE0	2031	1,930,000	5.000	3.090*	64990BDQ3
2022	1,990,000	5.000	1.980	64990BDF7	2032	5,030,000	5.000	3.140*	64990BDR1
2023	2,080,000	5.000	2.130	64990BDG5	2033	5,280,000	5.000	3.190*	64990BDS9
2024	2,185,000	5.000	2.310	64990BDH3	2034	3,000,000	5.000	3.230*	64990BDT7
2025	2,305,000	5.000	2.460	64990BDJ9	2035	3,135,000	5.000	3.260*	64990BDU4

**\$18,190,000 5.000% Term Bond Due July 1, 2040, to Yield 3.370%\* CUSIP Number<sup>(1)</sup> 64990BDV2**  
**\$26,025,000 5.000% Term Bond Due July 1, 2045, to Yield 3.420%\* CUSIP Number<sup>(1)</sup> 64990BDX8**  
**\$13,735,000 4.000% Term Bond Due July 1, 2050, to Yield 4.100% CUSIP Number<sup>(1)</sup> 64990BDY6**  
**\$20,000,000 5.000% Term Bond Due July 1, 2050, to Yield 3.625%\* CUSIP Number<sup>(1)</sup> 64990BDW0**

\* Priced at the stated yield to the first optional call date of July 1, 2025 at a redemption price of 100%.

<sup>(1)</sup> 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 DASNY and are included solely for the convenience of the holders of the Series 2015A Bonds. DASNY is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2015A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2015A Bonds.

No dealer, broker, salesperson or other person has been authorized by DASNY, the University or the Underwriters to give any information or to make any representations with respect to the Series 2015A Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY, the University or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2015A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Official Statement has been supplied by the University and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriters guarantees the accuracy or completeness of such information, and such information is not to be construed as a representation of DASNY or the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The University has reviewed the parts of this Official Statement describing the University, the Mortgage, the Principal and Interest Requirements, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. As a condition to delivery of the Series 2015A Bonds, the University will certify that as of the date of this Official Statement and of delivery of the Series 2015A 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 2015A Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2015A Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2015A Resolution and the Loan Agreement are on file with DASNY and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2015A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2015A 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. – PRESIDENT**

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

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**OFFICIAL STATEMENT RELATING TO**  
**\$124,290,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**THE NEW SCHOOL**  
**REVENUE BONDS, SERIES 2015A**

**PART 1 — INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page, inside cover page and appendices, is to provide information about DASNY and the University, in connection with the offering by DASNY of \$124,290,000 aggregate principal amount of its The New School Revenue Bonds, Series 2015A (the “Series 2015A Bonds”).

The following is a brief description of certain information concerning the Series 2015A Bonds, DASNY and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2015A 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 2015A Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used to (i) current refund all of DASNY’s outstanding New School University Insured Revenue Bonds, Series 1999 (the “Series 1999 Bonds”); (ii) current refund all of DASNY’s outstanding New School University Insured Revenue Bonds, Series 2001 (the “Series 2001 Bonds”); (iii) current refund all of DASNY’s outstanding New School University Insured Revenue Bonds, Series 2005 (the “Series 2005 Bonds”); (iv) advance refund all of DASNY’s outstanding The New School Insured Revenue Bonds, Series 2006 (the “Series 2006 Bonds”), and (v) advance refund a portion of DASNY’s outstanding The New School Revenue Bonds, Series 2010 (the “Series 2010 Bonds”). The Series 1999 Bonds, the Series 2001 Bonds, the Series 2005 Bonds, the Series 2006 Bonds and the portion of the Series 2010 Bonds to be refunded with proceeds of the Series 2015A Bonds and other available moneys are collectively referred to herein as the “Refunded Bonds.” Proceeds of the Series 2015A Bonds will also be applied to pay Costs of Issuance of the Series 2015A Bonds. See “PART 4 — THE REFUNDING PLAN” and “PART 5 — ESTIMATED SOURCES AND USES OF FUNDS.”

**Authorization of Issuance**

The Resolution authorizes the issuance of one or more Series of Bonds (collectively, the “Bonds”) pursuant to one or more Series Resolutions for the benefit of the University. The Series 2015A Bonds will be issued pursuant to the Act, the Resolution, and the Series 2015A Resolution. In addition to the Series 2015A Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of DASNY or other indebtedness of the University. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2015A Bonds. See “PART 3 — THE SERIES 2015A BONDS.”

## **DASNY**

DASNY is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, healthcare, governmental and not-for-profit institutions. See “PART 7 — DASNY.”

## **The University**

The University is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Board of Regents of the State. The University is located in The City of New York, New York. See “PART 6 - THE UNIVERSITY” and “Appendix B – Consolidated Financial Statements of The New School as of June 30, 2014 and 2013 and for the Years then Ended with Independent Auditors’ Report Thereon.”

## **The Series 2015A Bonds**

The Series 2015A Bonds are dated their date of delivery and bear interest from such date (payable July 1, 2015 and on each January 1 and July 1 thereafter) at the rates and will mature as set forth on the inside cover page of this Official Statement. See “PART 3 - THE SERIES 2015A BONDS - Description of the Series 2015A Bonds.”

## **Payment of the Series 2015A Bonds**

The Series 2015A Bonds are special obligations of DASNY 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. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2015A BONDS - Payment of the Series 2015A Bonds.”

## **Security for the Series 2015A Bonds**

The Series 2015A Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Series 2015A Resolution. The Series 2015A Bonds will be the third Series of Bonds issued under the Resolution. On December 8, 2010, DASNY issued its \$301,055,000 Series 2010 Bonds, and on October 20, 2011, DASNY issued its \$35,480,000 The New School Revenue Bonds, Series 2011 (the “Series 2011 Bonds”), under the Resolution. The Series 2015A Bonds will be equally and ratably secured with the Series 2010 Bonds, the Series 2011 Bonds, and all other Series of Bonds hereafter issued by the pledge and assignment to the Trustee of DASNY’s security interest in the Pledged Revenues granted by the University under the Loan Agreement, subject to Prior Pledges, if any. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2015A BONDS - Security for the Series 2015A Bonds - *Pledged Revenues*” and “PART 6 - THE UNIVERSITY – Outstanding Indebtedness.” In connection with future indebtedness of the University, the University may grant to the holders of such future indebtedness a security interest in the Pledged Revenues on a parity with DASNY’s security interest in the Pledged Revenues securing the Series 2015A Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2015A BONDS – Financial Covenants - *Additional Indebtedness*” and “Appendix C - Summary of Certain Provisions of the Loan Agreement.”

The Series 2015A Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2015A Bonds except for DASNY’s responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts established pursuant to the Series 2015A Resolution and pledged therefor.

## **Financial Covenants**

The University has entered into certain financial covenants in the Loan Agreement, including a provision for the maintenance of assets and a covenant related to incurrence of additional debt. For a description of such covenants,

see “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2015A BONDS – Financial Covenants” and “Appendix C – Summary of Certain Provisions of the Loan Agreement.”

### **The Mortgage**

The University’s obligations to DASNY under the Loan Agreement will be additionally secured by one or more mortgages on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith (the “Mortgage”). DASNY may, but has no present intention to, assign the Mortgage and such security interests to the Trustee. Upon the occurrence of an event of default under the Resolution, DASNY is obligated to assign the Mortgage to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2015A Bonds. Prior to any assignment of the Mortgage to the Trustee, property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of DASNY, but without the consent of the Trustee or the Holders of any Series 2015A Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2015A BONDS - The Mortgage.”

## **PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2015A BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2015A 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 and the Series 2015A Resolution. Copies of the Loan Agreement, the Resolution and the Series 2015A Resolution are on file with DASNY and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 2015A Bonds**

The Series 2015A Bonds will be special obligations of DASNY. The principal of and interest on the Series 2015A Bonds are payable solely from the Revenues. The Revenues include the payments required to be made by the University under the Loan Agreement on account of the principal and Sinking Fund Installments of and interest on the Outstanding Series 2015A Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2015A Bonds.

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, and Redemption Price of and interest on the Series 2015A Bonds. Generally, payments to satisfy principal and Sinking Fund Installments and interest on the Series 2015A Bonds 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 on the Series 2015A Bonds coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the University to make payments sufficient to pay, at least 45 days prior to a redemption date or purchase date of Series 2015A Bonds called for redemption or contracted to be purchased (or such shorter period as DASNY shall permit), the amount, if any, required to pay the Redemption Price or Purchase Price of such Bonds. See “PART 3 - THE SERIES 2015A BONDS - Redemption and Purchase in Lieu of Redemption Provisions.”

DASNY has directed the University, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal of and interest on the Series 2015A Bonds.

### **Security for the Series 2015A Bonds**

The Series 2015A Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Series 2015A Resolution. The Series 2015A Bonds will be equally and ratably secured with all other Series of Bonds by

the pledge and assignment to the Trustee of DASNY's security interest in the Pledged Revenues granted by the University under the Loan Agreement, subject to Prior Pledges, if any, and existing and future liens securing Parity Indebtedness. See "Appendix D - Summary of Certain Provisions of the Resolution."

#### *Pledged Revenues*

As security for its obligations under the Loan Agreement, the University has granted to DASNY a security interest in the Pledged Revenues, subject to the Prior Pledges, if any, and existing and future liens securing Parity Indebtedness, consisting of tuition and fees charged to students and received or receivable by the University. The security interest in the Pledged Revenues is subordinate to the Prior Pledges, if any, made in connection with the issuance of other DASNY bonds issued on behalf of the University prior to the adoption of the Resolution, and is of equal priority with the liens securing the obligations of the University in connection with other Series of Bonds heretofore or hereafter issued under the Resolution. See "PART 6 – THE UNIVERSITY – Outstanding Indebtedness." It is anticipated that simultaneously with the issuance of the Series 2015A Bonds, proceeds of the Series 2015A Bonds, together with other available moneys, will be applied to defease all bonds issued by DASNY on behalf of the University prior to the adoption of the Resolution, and that no Prior Pledges will continue to be in effect. See "PART 4 – THE REFUNDING PLAN." DASNY has pledged and assigned to the Trustee for the benefit of the Holders of Series 2015A Bonds its security interest in the Pledged Revenues. Pursuant to the Loan Agreement, the University has covenanted not to incur additional debt if the lien securing such debt would constitute a prior pledge other than the existing Prior Pledges, if any, relative to the security interest in the Pledged Revenues. However, the Loan Agreement permits the University under certain conditions to incur additional indebtedness secured by the Pledged Revenues on a parity basis with the pledge securing the Series 2015A Bonds. See "– Issuance of Additional Indebtedness" below.

#### **Financial Covenants**

The Loan Agreement contains certain financial covenants regarding the maintenance of assets and limiting the University's right to incur additional indebtedness, as summarized below. Certain provisions of the Loan Agreement, including the covenants described below, may be amended, modified or waived by DASNY without the consent of the Holders of Outstanding Bonds.

#### *Asset Maintenance Ratio*

The University covenants that as of each Testing Date the Asset Maintenance Ratio will be at least equal to .40:1. However, the calculation of the Asset Maintenance Ratio on any Testing Date excludes up to a maximum of \$80,000,000 of Dormitory Debt if either: (x) the Testing Date falls within a Fiscal Year that commenced during the Start-up Period for the Dormitory Facility relating to such Dormitory Debt or (y) the average Dormitory Debt Service Coverage Ratio for such Dormitory Debt was at least 110% for a period of up to three Fiscal Years immediately preceding the Testing Date that commenced after the Start-up Period.

The University covenants that, if on any June 30 Testing Date the Asset Maintenance Ratio, as shown on a certificate delivered by the University pursuant to the Loan Agreement, is less than the Asset Maintenance Ratio required under the Loan Agreement, the University will (i) within 60 days prepare and submit to DASNY a report setting forth actions proposed to be taken by the University that are projected to restore by the succeeding June 30 Testing Date the then applicable Asset Maintenance Ratio required pursuant to the Loan Agreement and (ii) diligently proceed to implement such actions.

Notwithstanding the foregoing, if on any Testing Date the Asset Maintenance Ratio is less than .40:1, then the University shall have the next ten successive Testing Dates to report an Asset Maintenance Ratio of at least .40:1, provided that on no such Testing Dates shall the Asset Maintenance Ratio be less than .30:1.

After the issuance of the Series 2015A Bonds, the University expects that it will be in compliance with its Asset Maintenance Ratio covenant. Based on Fiscal Year 2014 financial results, the University's Asset Maintenance Ratio was .70:1 as of June 30, 2014.



### *Additional Indebtedness*

The University covenants that it will not incur any Long-Term Indebtedness without obtaining DASNY's consent thereto unless:

(i) the University delivers to DASNY a certificate or a report demonstrating that on the June 30 Testing Date of the most recent Fiscal Year for which audited financial statements are available, the Asset Maintenance Ratio was not less than the then applicable Asset Maintenance Ratio required pursuant to the Loan Agreement; and

(ii) if such Long-Term Indebtedness is classified as Dormitory Debt, the University delivers to DASNY a certificate to the effect that such Long-Term Indebtedness is Dormitory Debt and that after giving effect to the incurrence of such Dormitory Debt the aggregate principal amount of Dormitory Debt incurred by the University does not exceed \$80,000,000.

Notwithstanding any other provision of the Loan Agreement to the contrary, the University may, subject to the conditions set forth in clauses (i) and (ii) above, incur Long-Term Indebtedness secured by a lien on the Pledged Revenues that is of equal priority with the lien on the Pledged Revenues securing the University's obligations under the Loan Agreement if an inter-creditor agreement has been executed by and among DASNY, the Trustee and the creditor under such Long-Term Indebtedness in form and substance acceptable to DASNY and the Trustee.

### *Failure to Comply with Covenants*

Unless a failure to comply with the covenants set forth above has been waived by DASNY, it shall be an Event of Default under the Loan Agreement if:

(i) on two consecutive June 30 Testing Dates the Asset Maintenance Ratio is less than the Asset Maintenance Ratio required pursuant to the Loan Agreement and the University fails to duly and punctually deposit the Pledged Revenues, as and when received, into a "lock-box" account to be held by a person selected by DASNY and administered in accordance with the Loan Agreement; or

(ii) the University fails to duly and punctually take the actions required to restore the Asset Maintenance Ratio required pursuant to the Loan Agreement and such failure continues for 30 days after written notice thereof shall have been given to the University by DASNY; *provided, however*, that if such failure cannot be cured within such 30-day period, but can be cured by appropriate action, it shall not constitute an Event of Default under the Loan Agreement if the University, within such 30-day period, initiates corrective action and thereafter diligently pursues the same.

For a more complete description of the financial covenants of the University, see "Appendix C – Summary of Certain Provisions of the Loan Agreement."

### **The Mortgage**

In connection with the delivery of the Series 2015A Bonds, the University will execute and deliver the Mortgage to DASNY and grant DASNY a security interest in certain fixtures, furnishings and equipment to secure the payments required to be made by the University pursuant to the Loan Agreement. DASNY may assign its rights under the Loan Agreement and the Mortgage and related security interest to the Trustee, but has no present intention to do so. Upon the occurrence of an event of default under the Resolution, DASNY is obligated to assign the Mortgage to the Trustee. Unless the Mortgage and security interest are assigned to the Trustee, neither the Mortgage nor the security interest in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2015A Bonds. Prior to any assignment of a Mortgage to the Trustee, property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of DASNY but without the consent of the Trustee or the Holders of any Series 2015A Bonds.

The property that is subject to the Mortgage granted by the University to DASNY in connection with the issuance of the Series 2015A Bonds consists of certain real property of the University located at 22-26 East 14th

Street, New York, New York, 72 Fifth Avenue, New York, New York, and 116-118 West 13th Street, New York, New York (collectively, the “Mortgaged Property”), and a security interest in certain fixtures, furnishings and equipment located in or used in connection with the Mortgaged Property, all of which are also subject to the mortgage granted by the University to DASNY in connection with the issuance of the Series 2011 Bonds (the “Series 2011 Mortgage”). Concurrently with the issuance of the Series 2015A Bonds, DASNY and the Trustee, as trustee for both the Series 2011 Bonds and the Series 2015A Bonds, will enter into an intercreditor agreement providing for any cash proceeds realized from the foreclosure of the shared collateral covered by the Mortgage and the Series 2011 Mortgage to be deposited into a separate trust account for the benefit of the parties to such intercreditor agreement, with any distribution of such proceeds to be pro rata, as if the liens of the Mortgage and the Series 2011 Mortgage were of equal priority.

### **Events of Default and Acceleration**

The following are events of default under the Resolution with respect to the Series 2015A Bonds: (i) a default by DASNY in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by DASNY in the payment of interest on any Bond; (iii) a default by DASNY in the due and punctual performance of any covenant or agreement contained in the Series 2015A 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 DASNY in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2015A Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to DASNY 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 2015A Bonds) or if such default is not capable of being cured within 30 days, if DASNY fails to commence within 30 days and diligently prosecute the cure thereof; or (v) DASNY shall have notified the Trustee that an “Event of Default,” as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2015A Bonds, shall declare the principal of and interest on all the Outstanding Series 2015A Bonds to be due and payable. At any time after the principal of the Series 2015A Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2015A Bonds not yet due by their terms and then Outstanding, by written notice to DASNY, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the University within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2015A Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2015A Bonds.

### **Issuance of Additional Indebtedness**

In addition to the Series 2015A 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 DASNY or other indebtedness of the University. Each Series of Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the applicable Series Resolution. Each Series of Bonds will also be equally and ratably secured with all other Series of Bonds by the pledge and assignment to the Trustee of DASNY’s security

interest in the Pledged Revenues, subject to Prior Pledges, if any. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2015A Bonds.

The Loan Agreement also permits the University, under certain conditions, to incur additional long-term indebtedness secured by the Pledged Revenues on a parity with the pledge securing the Series 2015A Bonds. See “Appendix C – Summary of Certain Provisions of the Loan Agreement.”

## **General**

The Series 2015A Bonds will not be a debt of the State and the State will not be liable on the Series 2015A Bonds. DASNY has no taxing power. See “PART 7 — DASNY.”

## **PART 3 — THE SERIES 2015A BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 2015A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2015A Resolution and the Loan Agreement, copies of which are on file with DASNY and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete description of certain provisions of the Series 2015A Bonds.*

### **Description of the Series 2015A Bonds**

The Series 2015A Bonds will be issued pursuant to the Resolution and the Series 2015A Resolution and will be dated their date of delivery and bear interest from such date (payable July 1, 2015 and on each January 1 and July 1 thereafter) at the rates set forth on the inside cover page of this Official Statement.

The Series 2015A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2015A Bonds will be payable by check or draft mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2015A Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five Business Days prior to the Record Date for such Series 2015A Bonds immediately preceding the interest payment date. If the Series 2015A Bonds are not registered in the name of The Depository Trust Company, New York, New York (“DTC”) or its nominee, Cede & Co., the principal and Redemption Price of the Series 2015A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2015A Bonds will be registered in the name of Cede & Co., as nominee for DTC, pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2015A 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 2015A Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2015A 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 2015A 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 2015A Bonds, the Series 2015A Bonds will be exchangeable for fully registered Series 2015A 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” below and “Appendix D - Summary of Certain Provisions of the Resolution.”

For a more complete description of the Series 2015A Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

## Redemption and Purchase in Lieu of Redemption Provisions

The Series 2015A Bonds are subject to redemption and to purchase in lieu of optional redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2015A Bonds, see “Appendix D—Summary of Certain Provisions of the Resolution.”

### *Optional Redemption*

The Series 2015A Bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to maturity. The Series 2015A Bonds maturing after July 1, 2025 are subject to redemption prior to maturity at the option of DASNY on or after July 1, 2025, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2015A Bonds to be redeemed, plus accrued interest to the redemption date.

### *Mandatory Redemption*

The Series 2015A Bonds maturing July 1, 2040, July 1, 2045 and July 1, 2050 are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of Series 2015A Bonds to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2015A Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2015A Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and DASNY shall be required to pay for the retirement of the Series 2015A Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

<b>Series 2015A Bonds Maturing July 1, 2040</b>	
2036	\$3,290,000
2037	3,455,000
2038	3,630,000
2039	3,810,000
2040	4,005,000 <sup>†</sup>

<b>Series 2015A Bonds Maturing July 1, 2045</b>	
2041	\$4,195,000
2042	3,305,000
2043	3,465,000
2044	7,365,000
2045	7,695,000 <sup>†</sup>

<sup>†</sup> Final maturity.

<b>Series 2015A Bonds Maturing July 1, 2050 (Bearing an Interest Rate of 4.00%)</b>	
2046	\$2,535,000
2047	2,635,000
2048	2,745,000
2049	2,850,000
2050	2,970,000 <sup>†</sup>

<b>Series 2015A Bonds Maturing July 1, 2050 (Bearing an Interest Rate of 5.00%)</b>	
2046	\$5,535,000
2047	3,430,000
2048	3,545,000
2049	3,685,000
2050	3,805,000 <sup>†</sup>

<sup>†</sup> Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2015A Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of DASNY, (C) purchased by the University or DASNY and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2015A Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2015A Bonds so purchased payable on the next succeeding July 1. Series 2015A Bonds redeemed at the option of DASNY, purchased by DASNY or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or

deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2015A Bonds of the maturity so purchased will be reduced for such year.

### ***Special Redemption***

The Series 2015A Bonds are subject to redemption prior to maturity at the option of DASNY in any order, as a whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2015A Bonds to be redeemed, plus accrued interest to the redemption date from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Projects financed with proceeds from the Refunded Bonds.

### ***Selection of Bonds to be Redeemed***

In the case of redemptions of less than all of the Series 2015A Bonds, DASNY will select the maturities of the Series 2015A Bonds to be redeemed. If less than all of the Series 2015A Bonds of a maturity are to be redeemed, the Series 2015A 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 2015A Bonds in the name of DASNY, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2015A Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than 10 Business Days prior to the date such notice is given. Each notice of redemption, other than a notice of "Mandatory Redemption" or "Special Redemption," may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2015A Bonds to be redeemed. The failure of any owner of a Series 2015A Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2015A Bond.

If on the redemption date moneys for the redemption of the Series 2015A 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 2015A Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2015A Bonds will no longer be considered to be Outstanding.

### ***Purchase in Lieu of Optional Redemption***

The Series 2015A Bonds maturing after July 1, 2025 are also subject to purchase in lieu of optional redemption prior to maturity at the option of the University with the consent of DASNY, on or after July 1, 2025, in any order, in whole or in part at any time, at a purchase price equal to 100% of the principal amount of the Series 2015A Bonds to be purchased, plus accrued interest (the "Purchase Price") to the date set for purchase (the "Purchase Date").

### ***Notice of Purchase in Lieu of Optional Redemption and its Effect***

Notice of purchase of the Series 2015A Bonds will be given in the name of the University to the registered owners of the Series 2015A Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2015A Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2015A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2015A Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of DASNY evidenced

thereby or modify the terms of the Series 2015A Bonds. Such Series 2015A Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The University's obligation to purchase a Series 2015A 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 2015A Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2015A Bonds to be purchased, the former registered owners of such Series 2015A Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2015A Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2015A Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2015A Bonds are to be purchased, the Series 2015A Bonds to be purchased will be selected by lot in the same manner as Series 2015A Bonds to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2015A 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 2015A Bonds when the Book-Entry Only System is in effect.

### **Book-Entry Only System**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2015A Bonds. The Series 2015A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015A Bond certificate will be issued for each maturity of the Series 2015A Bonds, totaling in the aggregate the principal amount of the Series 2015A Bonds, and will be deposited with DTC.

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

Purchases of the Series 2015A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2015A Bonds, except in the event that use of the book-entry system for such Series 2015A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2015A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2015A Bonds within a maturity of the Series 2015A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2015A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015A Bonds at any time by giving reasonable notice to DASNY or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2015A Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2015A Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Direct Participant or Indirect Participant acquires an interest in the Series 2015A Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, and may desire to make arrangements with such Direct Participant or Indirect Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Direct Participant or Indirect Participant and to have notification made of all interest payments. NEITHER DASNY NOR THE

TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2015A BONDS.

So long as Cede & Co. is the registered owner of the Series 2015A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2015A Bonds (other than under "PART 10 - TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2015A Bonds.

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

For every transfer and exchange of Series 2015A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DASNY, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2015A Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2015A Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by DASNY or restricted registration is no longer in effect, Series 2015A Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2015A BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2015A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2015A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2015A BONDS; OR (VI) ANY OTHER MATTER.

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## Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the University during each twelve month period ending June 30 of the Bond Years shown for the payment of debt service on the currently outstanding indebtedness of the University, the principal of and interest on the Series 2015A Bonds and the total debt service on all indebtedness of the University, including the Series 2015A Bonds.

12 Month Period Ending June 30	Series 2015A Bonds			Debt Service on Other Indebtedness <sup>(1)</sup>	Total Debt Service
	Principal Payments	Interest Payments	Total Debt Service on Series 2015A Bonds		
2015	\$ -	\$1,005,125	\$1,005,125	\$18,177,044	\$19,182,169
2016	1,535,000	6,030,750	7,565,750	20,073,144	27,638,894
2017	1,570,000	5,984,700	7,554,700	20,269,644	27,824,344
2018	1,640,000	5,921,900	7,561,900	20,473,144	28,035,044
2019	1,715,000	5,839,900	7,554,900	20,669,644	28,224,544
2020	1,805,000	5,754,150	7,559,150	20,661,394	28,220,544
2021	1,895,000	5,663,900	7,558,900	20,321,894	27,880,794
2022	1,990,000	5,569,150	7,559,150	18,399,119	25,958,269
2023	2,080,000	5,469,650	7,549,650	18,261,619	25,811,269
2024	2,185,000	5,365,650	7,550,650	18,780,119	26,330,769
2025	2,305,000	5,256,400	7,561,400	20,473,944	28,035,344
2026	2,410,000	5,141,150	7,551,150	20,482,181	28,033,331
2027	1,585,000	5,020,650	6,605,650	21,495,475	28,101,125
2028	1,665,000	4,941,400	6,606,400	21,493,800	28,100,200
2029	1,750,000	4,858,150	6,608,150	21,488,763	28,096,913
2030	1,835,000	4,770,650	6,605,650	21,494,338	28,099,988
2031	1,930,000	4,678,900	6,608,900	21,495,025	28,103,925
2032	5,030,000	4,582,400	9,612,400	18,179,800	27,792,200
2033	5,280,000	4,330,900	9,610,900	18,174,750	27,785,650
2034	3,000,000	4,066,900	7,066,900	21,096,050	28,162,950
2035	3,135,000	3,916,900	7,051,900	21,096,450	28,148,350
2036	3,290,000	3,760,150	7,050,150	21,096,375	28,146,525
2037	3,455,000	3,595,650	7,050,650	21,098,900	28,149,550
2038	3,630,000	3,422,900	7,052,900	21,096,825	28,149,725
2039	3,810,000	3,241,400	7,051,400	21,098,225	28,149,625
2040	4,005,000	3,050,900	7,055,900	21,095,625	28,151,525
2041	4,195,000	2,850,650	7,045,650	21,101,825	28,147,475
2042	3,305,000	2,640,900	5,945,900	22,348,800	28,294,700
2043	3,465,000	2,475,650	5,940,650	22,345,600	28,286,250
2044	7,365,000	2,302,400	9,667,400	2,574,375	12,241,775
2045	7,695,000	1,934,150	9,629,150	2,565,075	12,194,225
2046	8,070,000	1,549,400	9,619,400	2,555,888	12,175,288
2047	6,065,000	1,171,250	7,236,250	3,196,525	10,432,775
2048	6,290,000	894,350	7,184,350	3,184,325	10,368,675
2049	6,535,000	607,300	7,142,300	3,169,363	10,311,663
2050	6,775,000	309,050	7,084,050	3,151,350	10,235,400

<sup>1</sup> Excludes debt service on the Refunded Bonds which will be refunded with proceeds of the Series 2015A Bonds.

**PART 4 — THE REFUNDING PLAN**

A portion of the proceeds of the Series 2015A Bonds, together with other available monies, will be used to provide for the payment of the Refunded Bonds.

Simultaneously with the issuance and delivery of the Series 2015A Bonds, such proceeds will be deposited with the respective trustees for the Refunded Bonds, and together with other available funds, will be used to purchase investment securities permitted for the defeasance of bonds by the respective resolutions under which the Refunded Bonds were issued (the “Defeasance Securities”), the principal of and interest on which, when due, together with uninvested cash, will provide moneys sufficient to pay the principal or redemption price of and interest due on the applicable Refunded Bonds to their respective maturity or redemption dates. See PART 16 - VERIFICATION OF MATHEMATICAL COMPUTATIONS. At the time of such deposit, DASNY will give such trustees irrevocable instructions to give notices of the defeasance and redemption of the Refunded Bonds and to apply the maturing principal of and interest on the Defeasance Securities, together with any uninvested cash, to the payment of the principal or redemption price of and interest coming due on the applicable Refunded Bonds to their respective maturity or redemption dates. It is anticipated that upon the defeasance of the Refunded Bonds, no bonds issued by DASNY on behalf of the University prior to the adoption of the Resolution will be outstanding. Accordingly, no Prior Pledges will continue to be in effect.

**PART 5 — ESTIMATED SOURCES AND USES OF FUNDS**

Estimated sources and uses of funds are as follows:

**Sources of Funds**

Principal Amount of Series 2015A Bonds.....	\$124,290,000.00
Plus: Net Original Issue Premium .....	15,876,569.45
Funds on deposit for Refunded Bonds .....	<u>4,590,307.22</u>
Total Sources.....	<u>\$144,756,876.67</u>

**Uses of Funds**

Deposit to Refunding Escrows .....	\$143,398,929.56
Costs of Issuance .....	867,577.11
Underwriters’ Discount .....	<u>490,370.00</u>
Total Uses .....	<u>\$144,756,876.67</u>

## PART 6 — THE UNIVERSITY

### GENERAL INFORMATION

#### History and Academic Background

The New School (“The New School” or the “University”) is an independent, nonprofit, coeducational institution of higher education. The main campus is located in Greenwich Village in The City of New York, along with other locations in Manhattan.

The New School was founded in 1919 by a group of scholars, journalists, and civic leaders who imagined an educational venue where they could freely discuss their ideas and where dialogue could take place between intellectuals and the public. The New School founders saw a need for academic freedom and the right to explore and examine whatever it was one wanted to study. They looked at learning as a higher calling and wanted to create a setting that allowed for new ideas unencumbered by traditional rules. They envisioned a place that was a refuge for unorthodox ideas. They set the stage for interest in new thoughts and a commitment to solving the problems of the day, the social issues that required intellectual and ethical learning to spark creative solutions.

In the darkest days of the twentieth century The New School demonstrated it was willing to take the risk of moving from ethical teaching into ethical action by becoming a refuge for German intellectuals who were endangered by the political beliefs of the National Socialist Party. Against the wishes of the U.S. Department of State, The New School became a part of the Emergency Rescue Committee and established a safe home for German Jewish intellectuals who were saved from the near certainty of death. Through this effort, the University became known as the “University in Exile.” The University is proud of this progressive tradition.

Equally important is the central educational belief and innovation of its founders: the need to educate men and women who were already educated. The New School began as a school for people who already had degrees but recognized they had much more they needed to learn. The New School began as a school that offered an opportunity to listen and learn from distinguished intellectuals in the social sciences and later the arts. It began without credits or degrees, without tenure, and without endowment. Originally devoted to exploring the pressing social, political, and economic problems of the day, The New School has since expanded its focus to embrace the arts and culture. Today, the University offers bachelors and masters programs in the visual and performing arts in addition to bachelors, masters, doctorate and certificate programs in the liberal arts, social sciences, and management and urban policy.

#### Academic Programs

The New School is a globally-minded university with students from all 50 states, the District of Columbia, Guam, the U.S. Virgin Islands, Puerto Rico and more than 100 countries. To prepare students to meet the challenges of globalization, the curriculum emphasizes cross-disciplinary studies, art and design, and social sciences. The New School is an urban university and New York City serves as a resource for students, faculty, and the University itself.

The New School comprises seven schools that encompass 134 undergraduate and degree programs and majors, each with its own history and program offerings (described below), which are: The New School for Public Engagement; The New School for Social Research; Parsons The New School for Design; Eugene Lang College The New School for Liberal Arts; Mannes College The New School for Music; The New School for Drama; and The New School for Jazz and Contemporary Music.

#### *The New School for Public Engagement (“Public Engagement”)*

Two renowned divisions have come together to form The New School for Public Engagement – The New School for General Studies, and Milano The New School for Management and Urban Policy. The integrated division emphasizes the core values of democratic citizenship, social action, and cultural engagement that inspired The New School’s founding 96 years ago.

Public Engagement brings together professional, social, and cultural programs that stress learning in action. This division connects theory to real-world practice, training students to address civic life, create new forms of culture, and respond to contemporary urban, social, and global needs.

Degrees Offered: BA, BS in Liberal Arts; an accelerated bachelor's/master's option; MFA in Creative Writing; MA, MS in International Affairs; MA in Media Studies (online or on site); Graduate Certificates in Media Management (online only) and Documentary Media Studies; MA in Teaching of English to Speakers of Other Languages (TESOL); MS in Environmental Policy and Sustainability, Media Management, Urban Policy Analysis and Management, Nonprofit Management, and Organizational Change Management; PhD in Public and Urban Policy; graduate certificates; and accelerated bachelor's/master's options with Eugene Lang College.

### ***The New School for Social Research (“Social Research”)***

Founded in 1933, The New School for Social Research is the graduate center for the core social sciences and philosophy. Social Research began as the “University in Exile,” a haven for refugee European scholars, and today continues that tradition by emphasizing that world peace and global justice are not just theoretical ideals, but are central and practical goals of every course of study.

Degrees Offered: MA and PhD in Anthropology, Economics, Historical Studies, Philosophy, Political Science, Psychology, and Sociology; MA in Global Political Economy and Finance, and Liberal Studies; MS in Economics; and accelerated bachelor's/master's options with Eugene Lang College The New School for Liberal Arts.

### ***Parsons The New School for Design (“Parsons”)***

Parsons The New School for Design is one of the premier degree-granting colleges of art and design in the nation. Students learn to design innovative solutions to real-world problems. They benefit from practical training and internships as well as from a network of alumni, many of whom are leaders in the art and design industries. Parsons has exchange partnerships with institutions in twelve countries and Parsons Paris, a new academic center in Paris, was established in 2013.

Degrees Offered: BFA in Architectural Design, Art and Design, Communication Design, Design and Technology, Fashion Design, Fine Arts, Illustration, Integrated Design, Interior Design, Photography, and Product Design; BBA in Strategic Design and Management; BS in Environmental Studies and Urban Design; MA in History of Design and Curatorial Studies; Fashion Studies; MA in Architecture; MFA in Design and Technology, Fashion Design and Society, Fine Arts, Interior Design, Lighting Design, Photography, and Transdisciplinary Design; AAS in Fashion Marketing (online or on site), Fashion Design, Graphic Design, and Interior Design; and a certificate program in Business of Design.

### ***Eugene Lang College The New School for Liberal Arts (“Lang”)***

Eugene Lang College The New School for Liberal Arts provides an exceptional undergraduate experience for students who develop their own curricula across 12 paths of study. Undergraduates study with faculty in small seminar-style classes with an approximate 10:1 student-to-faculty ratio.

Degrees Offered: BA in Liberal Arts; accelerated bachelor's/master's options with Social Research, Public Engagement, and Parsons; and a combined BA/BFA with Parsons or The New School for Jazz and Contemporary Music.

### ***Mannes College The New School for Music (“Mannes”)***

Mannes College The New School for Music is a highly regarded conservatory of classical music. Instructors include scholars, composers, conductors and performing artists from some of the world's most revered orchestras, ensembles, and opera companies. Mannes is a competitive program with just over 350 credit-seeking students and a 2:1 student-to-faculty ratio.

Degrees Offered: BM, BS, MM; and diploma programs in Music and Performance or Composition/Arranging (for classical musicians).

### ***The New School for Drama (“Drama”)***

The New School for Drama is the successor to the Dramatic Workshop, a program founded in 1940, and its undergraduate program launched in the fall of 2013. Drama trains actors, directors and playwrights. Students work on full-scale productions with faculty, peers, and visiting guest-artists. Over the course of three years, students gain practical experience to prepare for a life and career in the theater.

Degrees Offered: BFA in Dramatic Arts; MFA in Acting, Directing or Playwriting

### ***The New School for Jazz and Contemporary Music (“Jazz”)***

The New School for Jazz and Contemporary Music is based in tradition and also focuses on new kinds of sound and experimentation. With instructors who are professional musicians, the school challenges students to become better artists and prepares them to become professionals in the jazz world.

Degrees Offered: BFA in Jazz Performance; combined BA/BFA degree with Lang.

## **Accreditation**

The University is a member of the Association of American Colleges and Universities and is accredited by the Middle States Commission on Higher Education.

Parsons has been accredited by the National Association of Schools of Art and Design (NASAD) since 1966. The Master’s program in Architecture has been accredited by the National Architectural Accrediting Board since 1994. The graduate Clinical Psychology program has been accredited by the American Psychological Association since 1981. The Master’s Program in Urban Policy Analysis and Management has been accredited by the National Association of Schools of Public Affairs and Administration since 1988.

## **Governance**

The University is governed by a Board of Trustees (the “Board”), currently consisting of 44 Trustees, reflecting a broad range of expertise and a wide reach into the New York City community. The Board conducts its affairs through 8 committees: Academic Affairs, Audit and Risk, Compensation, Facilities, Finance, Executive, Investment, and Trusteeship. Ad hoc committees are established to address special issues. The Board participates in the formulation and approval of University policies, and approves all operating and capital budgets. The Board meets four times per year and its Committees meet two to six times per year or as necessary. Trustees serve four-year terms with no limits on the number of terms a Trustee may serve.

On the following page is a list of the Trustees and the committees on which they serve.

## TRUSTEES

<p><b>Joseph A. Gromek</b><sup>1,4</sup> (Chair) Retired President and CEO The Warnaco Group, Inc.</p>	<p><b>William E. Havemeyer</b><sup>1,4,5,8</sup> President Havemeyer Management Services, Inc.</p>	<p><b>Stanley P. Silverstein</b><sup>2</sup> President, International Development &amp; Global Licensing Perry Ellis International Inc.</p>
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<p><b>Arnold H. Aronson</b><sup>1,6</sup> Managing Director, Retail Strategies Kurt Salmon Associates</p>	<p><b>Sheila C. Johnson</b> Chief Executive Officer Salmander Hospitality</p>	<p><b>Malcolm B. Smith</b><sup>3,7</sup> Retired President General American Investors Company, Inc.</p>
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<p><b>Dominique Bluhdorn</b><sup>2</sup> President The Altos de Chavon Cultural Center Foundation</p>	<p><b>Bevis Longstreth</b><sup>6,7</sup> Retired Partner Debevoise &amp; Plimpton LLP</p>	<p><b>John L. Tishman</b><sup>2,5</sup> Chairman Emeritus Tishman Realty &amp; Construction Co., Inc.</p>
<p><b>Garry Crowder, Vice Chair</b><sup>1,3</sup> Managing Partner Cortland Advisory Group</p>	<p><b>Nancy Lublin</b><sup>3</sup> Chief Executive Officer DoSomething.org</p>	<p><b>Kay Unger</b><sup>1,8</sup> President Kay Unger Design</p>
<p><b>Jane DeFlorio</b><sup>1,3,8</sup> Former Managing Director Deutsche Bank</p>	<p><b>Susan M. Lyne</b><sup>2</sup> President BBG Ventures</p>	<p><b>David Van Zandt</b> President The New School</p>
<p><b>Beth Rudin DeWoody</b> President The Rudin Family Foundations</p>	<p><b>Anthony J. Mannarino</b><sup>1,5</sup> Executive Vice President Extell Development Company</p>	<p><b>Lilian Shiao-Yen Wu</b><sup>2</sup> Program Executive, IBM Global University Programs IBM Corporation Technology</p>
<p><b>Douglas D. Durst</b><sup>5</sup> Chairman The Durst Organization</p>	<p><b>Daniel T. Motulsky</b><sup>2,7</sup></p>	<p><b>William D. Zabel</b><sup>8</sup> Partner Schulte Roth &amp; Zabel LLP</p>
<p><b>Fred Dust</b> Partner IDEO</p>	<p><b>Robert H. Mundheim</b><sup>1,7,8</sup> Of Counsel Shearman &amp; Sterling LLP</p>	<p><b>Judith Zarin</b><sup>2,6</sup></p>
<p><b>Renaud Dutreil</b> President and CEO Belleville Solutions</p>	<p><b>Charles R. Perrin</b><sup>2,3</sup> Former Chairman and CEO Avon Products, Inc. and Duracell</p>	<p><u>Life Trustees</u></p>
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<p><b>Michael E. Gellert</b><sup>6,7</sup> General Partner Windcrest Partners</p>	<p><b>Linda E. Rappaport</b><sup>1,4,8</sup> Partner Shearman &amp; Sterling LLP</p>	<p><b>Philip Scaturro</b> PS06 Corp.</p>
<p><b>Paul A. Gould</b><sup>6,7</sup> Managing Director Allen &amp; Company LLC</p>	<p><b>Joshua Sapan</b> President &amp; Chief Executive Officer AMC Networks, Inc.</p>	<p><b>TomioTaki</b> Managing Partner Takiho LLC</p>
<p><b>Jeffrey Gural</b><sup>1,5,6</sup> Newmark Grubb Knight Frank</p>	<p><b>Bernard L. Schwartz</b> Chairman &amp; Chief Executive Officer BLS Investments LLC</p>	
<p><b>Susan U. Halpern</b><sup>2</sup> President Sirus Fund</p>		

1 Executive  
2 Academic Affairs  
3 Audit & Risk

4 Compensation  
5 Facilities  
6 Finance

7 Investment  
8 Trusteeship

In addition to the Board, six Boards of Governors representing the seven academic divisions of the University give advice on academic programs, help raise financial resources, and expand the outreach of each division. Links between the Boards of Governors and the Board are assured by having Trustees chair most Boards of Governors and by the participation of Trustees on a Board of Governors.

## **Administration**

The President of the University is appointed by the Board of Trustees. Subject to the control of the Board and the Executive Committee, the President administers the academic and business affairs of the University. The officers of the University are:

**President** – David Van Zandt became President of The New School on January 1, 2011. Dr. Van Zandt had been a faculty member at Northwestern University since 1985. In 1995, he became the Dean of Northwestern University School of Law. During his tenure at Northwestern, Dr. Van Zandt created the largest JD-MBA program in the country, raised the school's public profile, forged numerous cross-cultural relationships with students and legal institutions internationally, and led a capital campaign that raised \$78 million for the Law School's endowment. Dr. Van Zandt received his AB from Princeton University, JD from Yale Law, and PhD in Sociology from the London School of Economics.

**Provost and Chief Academic Officer** – Tim Marshall joined the University in 2004 and was appointed to his position in 2009. He previously served as Dean of Parsons. From 1994 to 2004, Mr. Marshall held a number of academic leadership positions at the University of Western Sydney. Mr. Marshall received his education at the City Art Institute and College of Fine Arts at the University of New South Wales, Australia.

**Chief Operating Officer** – Tokumbo Shobowale was appointed Chief Operating Officer in November 2013. Prior to that, he served the City of New York as Chief Business Operations Officer, the Bloomberg administration's lead official for implementing business-friendly practices. He holds an MBA from MIT's Sloan School of Management, an MA from Columbia University's School of International and Public Affairs, and an AB from Stanford University.

**Chief Development Officer** – Mark Gibbel was appointed Chief Development Officer in August 2014. Mr. Gibbel joins The New School from Baruch College where he served as the Vice President for College Advancement since 2009. He holds an MA in American studies from New York University and an undergraduate degree from Goshen College.

**Chief Enrollment and Success Officer** – Donald Resnick was appointed Chief Enrollment and Success Officer in October 2012. Mr. Resnick's extensive experience in admission and enrollment management includes positions at New York University, Hofstra University, Drexel University, and the City University of New York. Mr. Resnick holds an MBA in industrial/organizational psychology from Baruch College and has completed doctoral-level coursework in clinical neuropsychology at Drexel University.

**Chief Legal Officer and Secretary of the Corporation** – Roy Moskowitz joined The New School in 2006. Previously, he served as counsel at District Two in the New York City Board of Education and as Deputy and Acting General Counsel for the City University of New York. Mr. Moskowitz earned his JD from Hofstra University School of Law and his BA in Political Science from the State University of New York.

**Chief Marketing Officer** – Anne Adriance was appointed Chief Marketing Officer in October 2013. She brings to her job more than 25 years of experience in marketing communications and strategic brand development in commercial, nonprofit, government, and media settings, including brand-building efforts for clients such as Yoplait, Cheerios, Cartoon Network, and BusinessWeek. Ms. Adriance has a bachelor's degree from Princeton University.

**Chief Information Officer** – Anand Padmanabhan was appointed Chief Information Officer in January 2014. He worked previously as Chief Information Officer for the Shiv Nadar Foundation, where he set IT strategy for a large organization that encompasses a research university, a college of engineering, and other programs. He has an

MBA from the New York University Stern School of Business and an MS from Louisiana State University. Mr. Padmanabhan received his bachelor's degree from Madras University in India.

**Vice President for Finance and Business and Treasurer** – Steve Stabile was appointed Assistant Vice President for Budget and Planning in 2008 and was promoted to Vice President for Finance and Business and Treasurer in 2012. Before joining The New School, Mr. Stabile spent more than 20 years as Chief Financial Officer and Treasurer of a wholesale distribution company, where he also served on the Board of Directors. He earned his BS, with a major in accounting, from Manhattan College.

**Senior Vice President for Human Resources and Labor Relations** – Carol Cantrell joined the University as Vice President for Human Resources in 2000 and was promoted to her present position in 2006. Prior to joining the University, Ms. Cantrell served as Administrator for Human Resources at the Metropolitan Museum of Art (1990 – 2000). Ms. Cantrell holds a BA from the University of Texas at El Paso.

**Senior Vice President of Distributed and Global Learning** – Andy Atzert joined The New School's leadership team in August 2012 as Vice President for Distributed and Global Education. Mr. Atzert was previously the Chief Operating Officer at the Aresty Institute of Executive Education at the University of Pennsylvania's Wharton School of Business. He earned his master's in Teaching English to Speakers of Other Languages from the University of Pennsylvania Graduate School of Education.

**Vice President for Design, Construction, and Facilities Management** – Lia Gartner was appointed Vice President for Design, Construction, and Facilities Management in July 2006. Ms. Gartner joined The New School in 2004 as University Director of Design and Construction and became Associate Vice President for Design and Construction in 2005. Ms. Gartner holds a master's degree in architecture from Columbia University and a BA from Harvard University.

**Senior Vice President for Student Services** – Linda Reimer was appointed Senior Vice President for Student Affairs in 1997. Ms. Reimer has been with the University since 1990, and has previously served as Associate Provost, Assistant Provost, and Director of Housing. Ms. Reimer holds an MA in Psychology, an MFA in Performing Arts, and a BS in Education, all from New York University.

## Employees

The New School employs over 1,300 full-time personnel in academic, professional, administrative, clerical, and service positions. The table below sets forth the full-time positions at the University for the past five years.

	<b>Full-time Positions</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Faculty	415	416	421	429	416
Administrative and professional staff	609	646	622	620	637
Clerical and secretarial	134	132	124	112	111
Maintenance, security, and service	170	164	158	172	168
Total	1,328	1,358	1,325	1,333	1,332

Approximately 118 full-time and part-time clerical employees are represented by Local 1205, International Brotherhood of Teamsters, under a contract with the University that expires on June 30, 2015. Approximately 90 full-time and part-time maintenance employees are represented by Local 32BJ, Service Employees International Union, AFL-CIO, under a contract with the Realty Advisory Board on Labor Relations, Inc. that expires on December 31, 2015. Approximately 76 full-time and part-time security guards are represented by Local 32BJ, Service Employees International Union under a contract with the University that expires on June 30, 2018. Approximately 61 part-time faculty members in the Jazz and Contemporary Music Program are represented by Local 802, AFM, Associated Musicians of Greater New York, under a contract with the University that expires on June 30, 2015. ACT-UAW represents approximately 2,341 part-time faculty throughout the University except for



part-time faculty in the Jazz and Contemporary Music Program. The University's contract with ACT-UAW expired on August 31, 2014, which has been extended to March 31, 2015, and is currently under active negotiation. The University maintains strong and cooperative relationships with the unions representing its employees.

### Principal Facilities

The New School's primary campus is sited between Fifth and Sixth Avenues and between 11th and 16th Streets, near the northern boundary of Greenwich Village. Five of seven academic schools—Lang, Parsons, Social Research, Jazz, and Public Engagement—are housed in facilities that are located in the primary campus area. The remaining two schools, Mannes and Drama, are located in New York City off the primary campus. The residential facilities are located both on and off the primary campus.

As of February 1, 2015, The New School occupies approximately 1,454,946 gross square feet of academic and residential space. Broken down by category, this total represents 1,027,890 square feet in owned facilities and 427,056 in leased facilities. Mannes occupies licensed space not included below as a result of the building being sold during January 2015. The license for the space expires in August 2015. Summarized below are owned and leased non-residential and residential facilities, approximate square footages and the primary use of each building.

<b>Owned Facilities</b>					
<b>Academic/Administrative Facilities</b>			<b>Residential/Dormitory</b>		
<b>Location</b>	<b>Square Feet</b>	<b>Use</b>	<b>Location</b>	<b>Square Feet</b>	<b>Use</b>
66 West 12th Street	88,997	Academic/Administrative	116-118 West 13th Street	33,975	Student Housing
65 West 11th Street	35,871	Academic	135 East 12th Street	58,000	Student Housing
22-26 East 14th Street	54,600	Academic	Zeckendorf Towers	2,000	Faculty Housing
63 & 65 Fifth Avenue	379,430	Academic/Student Housing	21 West 11th Street	4,500	Residence
72 Fifth Avenue	50,000	Academic/Student Housing	300 West 20th Street	40,000	Student Housing
55 West 13th Street	92,000	Mixed Use			
2 West 13th Street	118,414	Academic			
70 Fifth Avenue	3,813	Academic			
68 Fifth Avenue	7,033	Academic			
66 Fifth Avenue	59,257	Academic			
Total square feet	<u><u>889,415</u></u>		Total square feet	<u><u>138,475</u></u>	
<b>Leased Facilities</b>					
<b>Academic/Administrative Facilities</b>			<b>Residential/Dormitory</b>		
<b>Location</b>	<b>Square Feet</b>	<b>Use</b>	<b>Location</b>	<b>Square Feet</b>	<b>Use</b>
64 West 11th Street	8,456	Academic	318 East 15th Street	112,500	Student Housing
79 Fifth Avenue/ 6 East 16th Street	203,800	Academic/Administrative			
80 Fifth Avenue	48,000	Academic/Administrative			
55 West 13th St. Annex	18,000	Mixed Use			
37 West 65th Street	4,800	Academic			
151 Bank Street	18,500	Academic			
71 Fifth Avenue	13,000	Administrative			
Total square feet	<u><u>314,556</u></u>		Total square feet	<u><u>112,500</u></u>	

## OPERATING INFORMATION

### Student Applications, Acceptances and Enrollments

The University has experienced generally stable enrollment for the fiscal years from 2011 through 2015. The New School's strategic plan calls for the University to continue to maintain student enrollment at approximately 10,000 students, reducing the size of some programs while growing strategically in areas where there is strength, capacity, and demand. Rather than pursuing overall growth, the emphasis will be on rebalancing the enrollment distribution to optimize strengths and improve quality through selectivity, while diversifying the revenue base through global and distributed education and non-tuition based activities. The following table presents fall enrollments for the past five fiscal years.

<b>Fall Enrollments</b>						
Fiscal Year	Head Count*			Full-time Equivalent		
	Under-graduate	Graduate	Total	Under-graduate**	Graduate***	Total
2011	7,014	3,722	10,736	6,325	3,099	9,424
2012	7,043	3,722	10,765	6,366	3,099	9,465
2013	6,799	3,607	10,406	6,218	2,950	9,168
2014	6,864	3,524	10,388	6,265	2,932	9,197
2015	6,963	3,554	10,517	6,356	3,015	9,371

\*Total number of credit-seeking students for the Fall academic year.

\*\*Full-time undergraduate credit-seeking students plus one-third of the part-time undergraduate credit-seeking students.

\*\*\*Full-time credit-seeking graduate student plus 0.4 of the part-time credit-seeking graduate students.

The following table presents the number of degrees awarded in each of the past five fiscal years.

<b>Degrees Awarded</b>			
Fiscal Year	Undergraduate	Advanced	Total
2010	1,822	1,143	2,965
2011	1,809	1,240	3,049
2012	1,807	1,318	3,125
2013	1,856	1,292	3,148
2014	1,956	1,252	3,208

The following table shows the number of freshman applications, acceptances, enrollment, and average SAT scores for the past five fiscal years.

<b>Freshmen</b>					
	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Applied	4,556	4,882	4,870	5,048	5,715
Accepted	3,344	3,381	3,168	3,363	3,776
Enrolled	1,242	1,165	1,116	1,094	1,286
Acceptance Ratio (%)	73.4%	69.3%	65.1%	66.6%	66.1%
Matriculation Ratio (%)	37.1%	34.5%	35.2%	32.5%	34.1%
Freshman SAT Average	1,106	1,124	1,121	1,120	1,123

The following table shows the number of transfer applications, acceptances, and enrollment for the past five fiscal years.

<b>Transfer</b>					
	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Applied	2,570	2,520	2,298	2,271	1,911
Accepted	2,028	1,940	1,769	1,806	1,572
Enrolled	1,133	1,066	965	1,042	840
Acceptance Ratio (%)	78.9%	77.0%	77.0%	79.5%	79.0%
Matriculation Ratio (%)	55.9%	54.9%	54.6%	57.7%	53.4%

The following table shows the number of graduate applications, acceptances, and enrollment for the past five fiscal years.

<b>Graduate</b>					
	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Applied	5,834	5,658	5,231	5,043	5,114
Accepted	2,989	2,935	3,092	3,073	3,330
Enrolled	1,288	1,261	1,222	1,224	1,317
Acceptance Ratio (%)	51.2%	51.9%	59.1%	60.9%	65.1%
Matriculation Ratio (%)	43.1%	43.0%	39.5%	39.8%	39.5%

The following table shows the number of applications, acceptances, and enrollment for the University's credit seeking students.

<b>Total University</b>					
	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Applied	12,960	13,060	12,399	12,362	12,820
Accepted	8,361	8,256	8,029	8,242	8,668
Enrolled	3,663	3,492	3,303	3,360	3,443
Acceptance Ratio (%)	64.5%	63.2%	64.8%	66.7%	67.6%
Matriculation Ratio (%)	43.8%	42.3%	41.1%	40.8%	39.7%

The following table presents the fall degree and diploma enrollment by in-state, out-of-state, and international students for the past five fiscal years.

<b>Student Enrollment (Degree, Diploma &amp; Graduate Certificate Programs Only)</b>				
Fiscal Year	New York	Out-of-State	International	Total
2011	2,622	4,346	2,508	9,476
2012	2,611	4,404	2,673	9,688
2013	2,493	4,325	2,804	9,622
2014	2,367	4,204	3,007	9,578
2015	2,314	4,092	3,294	9,700

While the percentage of students from New York State has declined slightly (from 28% to 24%), the percentage of out-of-state and international students has continued to increase, from 72% in fiscal year 2011 to 76% in fiscal year 2015. This has been driven by a steady increase in the proportion of international students (from 26% to 34%).

The University's enrollment has remained generally stable over the past five years and reached a high of 9,700 in fiscal year 2015. Since fiscal year 2010, there has been a steady increase in enrollment in Parsons, in part due to new graduate degree programs.

The following table shows the number of credit-seeking students by school for the past five fiscal years.

<b>Enrollment of All Credit-Seeking Students by School</b>					
	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Social Research	1,096	1,088	1,018	945	937
Parsons	4,756	4,851	4,930	5,058	5,175
Public Engagement	2,610	2,552	2,238	2,010	1,998
Lang	1,546	1,527	1,471	1,559	1,493
Mannes	369	382	374	354	354
Jazz	239	251	270	243	261
Drama	120	114	105	132	163
Parsons Paris	-	-	-	87	136
<b>Total Headcount</b>	<b>10,736</b>	<b>10,765</b>	<b>10,406</b>	<b>10,388</b>	<b>10,517</b>
<b>Full-Time Equivalent</b>	<b>9,424</b>	<b>9,465</b>	<b>9,168</b>	<b>9,197</b>	<b>9,371</b>

In 2007, the University created a new senior position that has the sole responsibility for enrollment management, a position that subsequently became the Chief Enrollment and Success Officer. Prior to this, recruitment and retention efforts were decentralized in the schools. Following the recommendation of the University-wide retention task force, the position of Vice President of Student Success was created under the Chief Enrollment and Success Officer. This individual is a key component of the University's commitment to integrating and individualizing the University's academic resources and services over the arc of student engagement, from the point of initial interest, to the admission and enrollment process, and through to graduation and alumni status.

The following table presents the first-time freshman retention rate after one year for the past five fiscal years.

<b>Freshman Retention After One Year</b>				
Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
80.6%	82.2%	83.4%	82.8%	83.8%

Enrollment in the University's continuing education (non-credit) programs is open to the public. There are no formal admissions requirements for these programs, although certain courses do have prerequisites to ensure students are capable of completing course work. Enrollment in non-credit programs has declined 17.1% in the past five fiscal years. The decline in non-credit programs is intentional and aligns with the University's strategic plan to optimize enrollment, directing growth to programs with higher demand, capacity and strength.

<b>Enrollment of Non-Credit Seeking Students by Academic Year</b>					
	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Public Engagement	1,812	1,701	1,616	1,503	1,366
Parsons	663	612	687	746	669
Mannes	569	558	506	490	474
Other	205	166	143	169	186
<b>Total</b>	<b>3,249</b>	<b>3,037</b>	<b>2,952</b>	<b>2,908</b>	<b>2,695</b>

## Tuition and Fees

The University's tuition rates and other student costs are comparable to those at competing colleges and universities offering similar programs. While it is University policy to set tuition and other costs independently, the University maintains a price structure within a competitive range compared to such other institutions.

The University's degree programs include more traditional undergraduate and graduate programs, where students typically attend on a full-time basis. These programs include Lang's and Parsons' bachelor degree and master degree programs. For these students, room and board costs can be as relevant to the decision of which school to attend as tuition and fees. While the University's dormitory room rates are higher than many non-urban institutions, its rates are comparable to the room rates charged by competing institutions located within the New York City metropolitan area. The table below provides the current tuition, fees, and room and board charges.

<b>Full Time Students, FY 2015*</b>						
	<b>Lang</b>	<b>Parsons BFA</b>	<b>Parsons MFA</b>	<b>Mannes/ Jazz/ Drama Undergraduate</b>	<b>Mannes MM</b>	<b>Drama MFA</b>
Tuition & Fees	\$ 40,550	42,080	43,170	40,000	40,000	41,190
Required Fees**	912	912	276	912	276	276
Room & Board	18,190	18,190	18,190	18,190	18,190	18,190
Academic Year Cost	\$ 59,652	61,182	61,636	59,102	58,466	59,656

\*Rates apply to students entering fall 2014 and after.

\*\*The student health services fee of \$636 per year is optional for all undergraduate students, and is not included in required fees for graduate programs.

## Financial Aid and Scholarships

The University has greatly increased the availability of financial aid over the past decade. The ability to attract qualified students from underrepresented groups is enhanced significantly through the availability of financial aid and scholarships to students in need. The New School places a priority on financial aid to ensure a diverse student body that brings a variety of talents and experiences to the educational community. To respond to the varied needs of this population, The New School has sought to provide access to different forms of aid (loans, work opportunities, and grants) and to establish a flexible plan to distribute available resources.

Financial assistance provided by The New School to its students is designed to supplement the contribution that a student/family can make toward the payment of tuition and other expenses. The following table shows the sources of financial aid funds provided to students of the University for the five-year period ending June 30, 2014.

<b>Sources of Financial Aid</b>					
<i>Dollars in Thousands</i>					
<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Operating Funds	\$ 65,689	74,496	80,997	85,647	87,332
Donor-funded External Assistance	6,925	6,525	5,081	4,775	7,021
	\$ 72,614	81,021	86,078	90,422	94,353

The University's tuition discount rate remained relatively stable over the past five fiscal years. The New School's tuition discount rate increased 1% annually, from fiscal year 2010 to 2013 due to the challenging economic environment, and the rate held steady at 27% for fiscal year 2014. Gross tuition and tuition discount for the past five fiscal years is as follows:

<b>Tuition Discount</b>					
<i>Dollars in Thousands</i>					
<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Tuition & fees (\$)	298,782	318,735	334,682	335,706	350,079
Student aid (\$)	72,614	81,021	86,078	90,422	94,353
Tuition discount (%)	24	25	26	27	27

### **Academic Faculty**

The University employs over 2,100 full and part-time faculty to teach credit-bearing courses. About 28% of the full-time faculty is tenured. The table below provides the number of full and part-time faculty for the last five years.

<b>Faculty Profile</b>			
<b>Fiscal Year</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Total</b>
2011	415	1,740	2,155
2012	416	1,596	2,012
2013	421	1,632	2,053
2014	429	1,715	2,144
2015	416	1,719	2,135

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## ANNUAL FINANCIAL STATEMENT INFORMATION

### **Financial Information**

As required by accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial condition of the University is presented in the Balance Sheet, the Statement of Activities, and the Statement of Cash Flows. The Balance Sheet reports on the amounts of the University's assets, liabilities and net assets at the end of a reporting period. The Statement of Activities reports the amount of change in the University's unrestricted net assets, temporarily restricted net assets, permanently restricted net assets, and total net assets for the period. The Statement of Cash Flows provides relevant information about the University's cash flows from operating, investing, and financing activities. The selected data below under the captions “Statements of Activities” and Balance Sheet” are derived from the consolidated financial statements of the University.

### **Independent Auditors**

The consolidated financial statements of The New School as of June 30, 2014 and 2013, and for the years then ended, included in this Official Statement in Appendix B, have been audited by KPMG LLP, the University's independent auditors, as stated in their report thereon.

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**The New School**  
**Statements of Activities**  
**Years Ended June 30,**  
*(Dollars in Thousands)*

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>UNRESTRICTED:</b>					
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$ 298,782	318,735	334,682	335,706	350,079
Scholarship allowance	(72,614)	(81,021)	(86,078)	(90,422)	(94,353)
Net tuition and fees	226,168	237,714	248,604	245,284	255,726
Contributions	2,504	1,207	1,845	3,584	2,289
Grants and contracts	5,575	7,281	5,688	5,822	4,742
Endowment return appropriated for operations	6,283	4,762	4,765	4,765	4,830
Auxiliary activities	27,528	28,299	29,574	31,267	36,905
Other income	4,483	6,396	5,852	5,052	8,967
Net assets released from restrictions	17,169	17,461	16,390	16,954	19,345
<b>Total operating revenues</b>	<b>289,710</b>	<b>303,120</b>	<b>312,718</b>	<b>312,728</b>	<b>332,804</b>
<b>OPERATING EXPENSES</b>					
Instruction and departmental research	103,353	111,706	118,236	118,739	128,752
Sponsored research, training and public services	8,735	9,337	10,020	9,516	9,930
Academic support	51,798	59,265	62,009	62,366	65,244
Student services	18,460	22,483	24,186	23,990	26,615
Auxiliary activities	25,775	26,674	29,297	30,270	35,750
Institutional support	67,752	66,840	65,135	61,571	64,347
<b>Total operating expenses</b>	<b>275,873</b>	<b>296,305</b>	<b>308,883</b>	<b>306,452</b>	<b>330,638</b>
<b>Net operating revenues before gain on sale of building</b>	<b>\$ 13,837</b>	<b>6,815</b>	<b>3,835</b>	<b>6,276</b>	<b>2,166</b>
<b>Operating Margin</b>	<b>4.8%</b>	<b>2.2%</b>	<b>1.2%</b>	<b>2.0%</b>	<b>0.7%</b>

**The New School**  
**Statements of Activities, Continued**  
**Years Ended June 30,**  
*(Dollars in Thousands)*

	2010	2011	2012	2013	2014
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>					
<b>OPERATING ACTIVITIES</b>					
Total operating revenues	\$ 289,710	303,120	312,718	312,728	332,804
Total operating expenses	275,873	296,305	308,883	306,452	330,638
Net operating revenues before gain on sale of building	13,837	6,815	3,835	6,276	2,166
Gain on sale of building	-	-	-	-	58,976
<b>Net operating revenues and gains</b>	<b>13,837</b>	<b>6,815</b>	<b>3,835</b>	<b>6,276</b>	<b>61,142</b>
<b>NON-OPERATING ACTIVITIES</b>					
Endowment investment return	11,400	17,711	(2,602)	5,959	15,292
Endowment return appropriated for operations	(6,283)	(4,762)	(4,765)	(4,765)	(4,830)
Write off of net bond premiums and deferred charges related to defeased bonds	-	-	(2,094)	-	-
Other, net	(219)	(1,021)	16	(788)	(814)
Net assets released for capital expenditures	255	738	750	250	43,956
Reclassification in accordance with ASC 958-205	-	(10,365)	-	-	-
<b>Total non-operating activities</b>	<b>5,153</b>	<b>2,301</b>	<b>(8,695)</b>	<b>656</b>	<b>53,604</b>
<b>Change in unrestricted net assets</b>	<b>18,990</b>	<b>9,116</b>	<b>(4,860)</b>	<b>6,932</b>	<b>114,746</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>					
Contributions	24,201	17,060	15,511	13,153	12,294
Grants for capital	1,903	972	-	-	325
Endowment investment return	6,829	17,151	(1,951)	6,279	17,134
Other, net	(2,026)	(3,115)	686	46	259
Net assets released	(17,424)	(18,199)	(17,140)	(17,204)	(63,301)
Reclassification in accordance with ASC 958-205	-	10,365	-	-	-
<b>Change in temporarily restricted net assets</b>	<b>13,483</b>	<b>24,234</b>	<b>(2,894)</b>	<b>2,274</b>	<b>(33,289)</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>					
Contributions for endowment	2,794	3,758	4,105	1,858	923
Other, net	(3,494)	(1,230)	33	112	22
<b>Change in permanently restricted net assets</b>	<b>(700)</b>	<b>2,528</b>	<b>4,138</b>	<b>1,970</b>	<b>945</b>
<b>Change in net assets</b>	<b>\$ 31,773</b>	<b>35,878</b>	<b>(3,616)</b>	<b>11,176</b>	<b>82,402</b>

**The New School  
Balance Sheets  
As of June 30,  
(Dollars in Thousands)**

	2010	2011	2012	2013	2014
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,488	2,434	9,264	11,660	3,089
Student accounts receivable, net	7,777	8,384	7,162	7,822	8,767
Contributions receivable, net	42,079	38,863	38,561	20,424	17,432
Investments	285,557	309,268	322,142	339,816	383,950
Deferred charges and other assets	12,913	20,449	19,517	21,357	36,147
Funds held by bond trustees	6,975	284,527	181,129	43,191	16,246
Student loans receivable, net	4,751	4,376	4,120	3,912	3,315
Land, buildings and equipment, net	236,273	273,539	379,335	509,819	554,597
<b>Total assets</b>	<b>598,813</b>	<b>941,840</b>	<b>961,230</b>	<b>958,001</b>	<b>1,023,543</b>
<b>LIABILITIES &amp; NET ASSETS</b>					
Accounts payable and accrued expenses	39,887	54,757	79,827	69,363	56,463
Deferred revenue	11,270	11,346	11,460	11,037	11,170
Federal Perkins student loan advances	3,852	3,774	3,770	3,768	3,765
Long-term debt	147,977	440,258	438,084	434,568	430,478
<b>Total liabilities</b>	<b>202,986</b>	<b>510,135</b>	<b>533,141</b>	<b>518,736</b>	<b>501,876</b>
<b>Net Assets</b>					
Unrestricted	228,795	237,911	233,051	239,983	354,729
Temporarily restricted	95,356	119,590	116,696	118,970	85,681
Permanently restricted	71,676	74,204	78,342	80,312	81,257
<b>Total net assets</b>	<b>395,827</b>	<b>431,705</b>	<b>428,089</b>	<b>439,265</b>	<b>521,667</b>
<b>Total liabilities &amp; net assets</b>	<b>\$ 598,813</b>	<b>941,840</b>	<b>961,230</b>	<b>958,001</b>	<b>1,023,543</b>

**Management Discussion of Recent Financial Performance**

The University strives to maintain a state of “financial equilibrium,” defined as (a) a balanced operating budget that provides resources available for investment in University priorities; (b) preservation and enhancement of physical assets; and (c) growth of financial assets. The University’s annual operating budget, capital budget, long-range financial plan, financial operations, investment management, and fund raising efforts are all directed toward maintaining an appropriate balance between these three objectives.

The University has been successful in meeting these objectives and has committed resources to the preservation and enhancement of its physical plant. The endowment, exclusive of pledges, has grown to \$299.9 million as of June 30, 2014 from \$90.2 million as of June 30, 2000. The financial summaries demonstrate strong financial results throughout the five fiscal years ended June 30, 2014. Operating revenues grew, on average, 4% per year while operating expenses grew, on average, 5% from 2010 through 2014. Total net assets have grown to \$521.7 million as

of June 30, 2014. This growth is primarily due to strong operational performance, investment return, and the sale of the Midtown Manhattan building.

The University's financial results for fiscal year 2014 were positive. The University completed fiscal year 2014 with an overall \$82.4 million increase in net assets and the University achieved net operating revenues before gain on sale of building of \$2.2 million. Key financial highlights for fiscal year 2014 follow.

<b>Changes in Net Assets</b>			
<b>Fiscal Year 2014</b>			
<i>Dollars in Thousands</i>			
	<b>Operating</b>	<b>Non- operating</b>	<b>Total</b>
Change in unrestricted net assets	\$ 61,142	53,604	114,746
Change in temporarily restricted net assets	-	(33,289)	(33,289)
Change in permanently restricted net assets	-	945	945
Total change in net assets	\$ 61,142	21,260	82,402

During fiscal year 2014, unrestricted net assets from operating activities, before gain on sale of building of \$59 million, increased by approximately \$2.2 million, representing a 0.7% operating margin. Unrestricted operating revenues for 2014, as compared to 2013, increased 6.4% to \$332.8 million reflecting stable enrollment. Net tuition and fees revenue for 2014, as compared to 2013, grew by 4.3%, while the tuition discount rate was unchanged at approximately 27%. Operating expenses for 2014, as compared to 2013, increased 7.9% to \$330.6 million, primarily due to the opening of the University Center.

Total contributions were about \$15.5 million in fiscal year 2014, compared to \$18.6 million in fiscal year 2013. Unrestricted non-operating activities increased net assets by \$53.6 million in fiscal year 2014 primarily due to \$10.5 million of endowment investment return (in excess of the amount appropriated for operations) and net assets released for capital expenditures of \$44 million (mainly due to the University Center opening).

Temporarily restricted net assets decreased by \$33.3 million in fiscal year 2014, driven principally by net assets released for capital projects, for the University Center opening, offset by endowment return. Total assets as of June 30, 2014, as compared to June 30, 2013, grew by \$65.5 million, or 6.8%, to just over \$1 billion; net assets increased by \$82.4 million or 18.8% during fiscal year 2014. Liabilities as of June 30, 2014, as compared to June 30, 2013, decreased by \$16.9 million, driven principally by payments of construction liabilities related to the University Center.

Cash and cash equivalents as of June 30, 2014, as compared to June 30, 2013, decreased by \$8.6 million, or 73.5%, to \$3.1 million. The University's endowment investment portfolio, exclusive of pledges, amounted to approximately \$299.9 million as of June 30, 2014; nearly 60% of the endowment portfolio had daily liquidity. Operating investments totaled \$83.9 million, of which 96.8% had daily liquidity.

Long-term debt as of June 30, 2014, as compared to June 30, 2013, decreased 0.9% to \$430.5 million.

### **Fiscal Year 2015 Operating Budget**

The University's budget for fiscal year 2015 is a balanced budget based on \$360 million of operating revenues and \$359 million of operating expenses, which reflect a 7.6% and a 7.2% increase over the fiscal year 2014 budget, respectively. The budget incorporates a tuition rate increase of 3.5% for undergraduate and graduate programs and a tuition discount of 26% or \$95 million. It also incorporates a dormitory rate increase of 4%. As of February 20, 2015, the University was projecting operating revenues and an operating surplus for fiscal year 2015 in excess of those in the University's fiscal year 2015 budget.

The fiscal year 2015 budget funds fixed costs, ongoing commitments and several important investments for the future, which the administration believes will either result in significant cost savings or increased revenue over the long term. The proposed budget also includes all of the operating costs for the new University Center, which opened midway through fiscal year 2014.

At the same time the budget includes strategic cost reductions reflecting difficult decisions made by the University. The University will continue to seek opportunities for efficiencies in operations and programs and to identify sources of increased revenue. The University is committed to ensuring its long-term fiscal health and making the appropriate investments to deliver strong academic programs.

### **Fiscal Year 2015 Capital Budget**

The University's \$42.5 million capital budget for fiscal year 2015 was developed within the context of a multi-year plan. The fiscal year 2015 capital budget includes expenditures for several major initiatives, which will enable the University to achieve the goals of its facilities master plan and thereby ensure high quality academic facilities for its students. This includes the creation of a performing arts hub at the University's downtown campus, which will bring together, under one roof, the University's three performing arts schools: Mannes, Jazz, and Drama. It also includes the creation of the Making Center for the University's largest school, Parsons. As in prior years, the capital budget includes expenditures for all necessary critical maintenance projects to ensure the integrity of the physical plant and address health and life safety issues, for enhancing facilities, for major repair and renovation and for technology.

Capital expenditures for the last four fiscal years and the fiscal year 2015 budget, which include expenditures for the completion of the new University Center building, are provided below:

<b>Capital Expenditures</b>				
<i>Dollars in Thousands</i>				
<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015 Budget</b>
\$49,990	\$119,492	\$143,656	\$84,449	\$42,500

### **Endowment Portfolio**

Investments are composed of endowment, operating, and other assets. The endowment is invested with a long-term objective. Total market value of the endowment at June 30, 2014 was \$299.9 million, exclusive of pledges. Investments were comprised as follows:

<b>University Investments</b>	
<b>As of June 30</b>	
<i>Dollars in Thousand</i>	
Endowment	\$ 299,890
Operating	82,509
Split interest agreements	1,551
<b>Total investments</b>	<b>\$ 383,950</b>

In fiscal year 2014, the endowment portion of the investments increased by a net \$86 million, due to the addition of the building sale proceeds and investment return. The endowment paid out approximately \$10.4 million in support of operations.

The University's endowment was valued at \$90.2 million at June 30, 2000. The endowment value has more than tripled by the end of fiscal year 2014. The University's endowment values, exclusive of pledges, for the past five years ended June 30, are as follows.

**Endowment Values**

**As of June 30,**

*Dollars in Millions*

2010	2011	2012	2013	2014
\$188.2	\$216.1	\$204.8	\$213.9	\$299.9

As of December 31, 2014, the unaudited market value of the University's endowment was \$320.9 million.

The University's endowment annual net returns for the past five years were as follows.

**Endowment Annual Returns**

**For Year Ended June 30**

2010	2011	2012	2013	2014
10.5%	19.1%	(1.9%)	5.9%	14.7%

The following table sets forth the composition of the University's portfolio asset allocation as of June 30, 2014:

**Endowment Portfolio Asset**

**Allocation by Percentage**

**As of June 30, 2014**

Equity	39.4%
Fixed income	21.8%
Cash and cash equivalents	15.6%
Hedge Funds	10.8%
Private Equity	7.0%
Real Assets	5.4%
	100.0%

The University's outstanding commitment to alternative investment funds, including hedge funds, real estate, and private equity, as of June 30, 2014 was \$6.6 million.

The University uses a total return approach in its endowment management. Under this approach, investment managers invest for maximum return, whether it is in securities with high current yields or in growth stocks. In order to balance the preservation and enhancement of the endowment's future purchasing power and spending for current needs, the University applies a 4% spending rate against the average of the previous 16 quarters' fair value of the endowment portfolio. The purpose of using a moving average is to smooth out any wide fluctuations in the

year-end market value. Endowment earnings in excess of the spending rate are added back to the principal of the endowment investments.

As of June 30, 2014, about 43% of the endowment value is “true” endowment with the remaining 57% representing quasi-endowment.

## Fundraising

Fundraising at The New School is coordinated by the Chief Development Officer. The ongoing investment by the University in development and alumni relations is reflected in the significant growth of this office, from 12 employees in 2002 to 35 today.

A major change in the University fundraising structure occurred in the summer of 2007 when development functions across the University were consolidated into one office. This restructuring allowed for greater collaboration between front line fundraisers and their colleagues who provide critical functions to support revenue generation: Research, Stewardship, Alumni Relations, and Special Events. The centralized office and investment in research have helped to identify over 67,000 living alumni, residing in all 50 states and in more than 120 countries worldwide. In 2005, the University’s contactable rate (active address, email, and phone on record) was 67% and today it is 86%. In fiscal year 2007, the University began a successful multi-year fundraising effort for the University Center project. In the last five years, the University has raised more than \$112.6 million in private support. The chart below outlines fundraising totals compared to University goals during the past five fiscal years. The fundraising totals below include conditional pledges and bequest intentions that have not been reported in the University’s consolidated financial statements.

<b>University Fundraising</b>						
<i>Dollars in Thousands</i>						
		<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Funds raised	\$	27,315	20,720	21,075	17,393	26,119
University goal	\$	24,500	24,500	21,300	22,300	20,000
Percent of Goal		111%	85%	99%	78%	131%

## Physical Plant

The University completed construction of the University Center project in fiscal year 2014, with the student residences opening in fall 2013 and the academic, public and performance spaces in January 2014. Located at the intersection of 14th Street and Fifth Avenue in Manhattan, the 16-story, 365,000 square foot facility contains classrooms, design studios, a library research center, an auditorium, a cafeteria, student lounges and event café, retail space, and an approximately 600-bed student residence with suite-style living.

The University Center brings together students from all of the University’s various divisions and is designed to foster casual social interaction and collaborative learning. The University Center is a LEED Gold-certified facility.

On April 4, 2014, the University sold its Midtown Manhattan property for \$62.3 million. The net carrying value of the property was \$2.3 million on the date of the sale and costs of the sale were approximately \$1.1 million. The University recognized an operating gain of approximately \$58.9 million in fiscal year 2014.

On January 15, 2014, the University incurred extensive water damage to three of its properties as a result of a water main break. The net book value of the assets damaged plus mitigating damages was \$20.5 million. Following the incident, the University filed insurance claims with various insurance carriers. The University received advances from the insurance carriers totaling \$7 million during the year ended June 30, 2014. The University

recorded an estimated insurance recovery receivable in the amount of \$13.5 million as of June 30, 2014. Repairs will be substantially completed in March 2015, and the University expects insurance proceeds to cover all costs.

On January 23, 2015 the University sold its building on West 85<sup>th</sup> Street for \$28 million, which houses Mannes.

The following table sets forth the asset categories at cost during the past five fiscal years less accumulated depreciation.

<b>Land, Buildings and Equipment</b>					
<i>Dollars in Thousands</i>					
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Land and air rights	47,176	52,913	52,913	52,913	52,073
Buildings and building improvements	186,601	191,296	193,848	199,047	529,851
Leasehold improvements	50,484	55,533	57,633	61,658	60,810
Furniture and equipment	19,914	15,408	14,237	13,736	30,053
Equipment held under capital leases	3,658	-	-	-	-
Construction in progress	28,420	60,793	172,262	304,540	11,303
	336,253	375,943	490,893	631,894	684,090
Less accumulated depreciation	(99,980)	(102,404)	(111,558)	(122,075)	(129,493)
	<u>236,273</u>	<u>273,539</u>	<u>379,335</u>	<u>509,819</u>	<u>554,597</u>

### Outstanding Indebtedness

As of June 30, 2014, the University had long-term indebtedness relating to tax-exempt revenue bonds issued by DASNY of \$430 million, net of bond discounts and premiums. Long-term debt consisted of the following at June 30, 2014:

<b>Long-term Indebtedness</b>				
<i>Dollars in Thousands</i>				
<b>Description</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>2013 Principal Balance</b>	<b>2014 Principal Balance</b>
Series 2011	2031	4.00-5.00%	\$ 34,770	\$ 33,595
Series 2010*	2050	5.00-6.00	301,055	301,055
Series 2006**	2046	4.00-5.00	68,325	67,480
Series 2005**	2026	4.00-5.00	14,460	12,470
Series 2001**	2041	5.00	9,660	9,660
Series 1999**	2033	5.00	5,430	5,430
Less unamortized discount			(7,143)	(6,946)
Add unamortized premium			8,011	7,734
			<u>\$ 434,568</u>	<u>\$ 430,478</u>

\* A portion of the Series 2010 Bonds is being refunded with proceeds of the Series 2015A Bonds and other available moneys.

\*\* Series is being refunded in whole with proceeds of the Series 2015A Bonds and other available moneys.

The loan agreements entered into with DASNY in connection with such long-term debt require the University to maintain an asset maintenance ratio in which the percentage of unrestricted net assets, excluding net investment in plant, plus temporarily restricted net assets (spendable net assets) to total long term debt outstanding must be at least 40%. In addition, the loan agreements for all bond series except Series 2010 and 2011 also require that the



percentage of the maximum annual scheduled debt service in any year to unrestricted revenues not exceed 10%. The University was in compliance with the debt covenant ratios for all five fiscal years (2010-2014).

<b>Debt Covenant Ratios</b>					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Spendable net assets to long-term debt	230.2%	67.2%	64.1%	68.6%	86.8%
Maximum annual debt service to unrestricted revenue	2.9%	6.5%	6.3%	6.3%	5.6%

### **Unsecured Line of Credit**

The University established a \$25,000,000 unsecured line of credit with Bank of America, N.A. in May 2011, renewable annually. To date no borrowings have been made from the line of credit. Amounts borrowed under the credit line are payable within one year with interest payable at a rate equal to LIBOR plus 0.7%. The LIBOR rate is one, two, three or six months as selected by the University. The loan will automatically convert to a prime rate if the University does not select a LIBOR duration at least three business days prior to the date of borrowing.

### **Pension Plan**

The University has a defined contribution retirement plan which covers substantially all employees except certain union employees and which is funded through direct payments to the Teachers' Insurance and Annuity Association and/or College Retirement Equities Fund for the purchase of various types of investment contracts. For each eligible employee, the University's contribution is determined as a percentage of salary, taking into account age and length of accrued service.

### **Insurance**

The University maintains fire and extended coverage insurance, including boiler explosion, vandalism and service interruption insurance, on substantially all of its properties in the amount of approximately \$600 million under a blanket University-wide policy (and on a repair or replacement basis), with a \$25,000 per loss deductible.

### **LITIGATION**

The University in the normal course of its operations is a defendant in various legal proceedings. While it is not feasible to predict the ultimate outcomes of such matters, it is the opinion of management and the chief legal officer of the University that resolution of these actions will not have a material adverse effect on the University's financial position, including its ability to pay debt service on the Series 2015A Bonds.

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## PART 7 — DASNY

### Background, Purposes and Powers

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

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

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions. At March 31, 2015, DASNY had approximately \$45.7 billion aggregate principal amount of bonds and notes outstanding. DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education and community improvement and payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

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

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

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money and adopt a program of self-insurance.

DASNY has a staff of approximately 490 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 48 field sites across the State.

## Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. One of the appointments to the Board by the Governor is currently vacant.

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

The current members of DASNY are as follows:

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

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc. and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2016.

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

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2016.

SANDRA M. SHAPARD, *Secretary*, Delmar.

Sandra M. Shapard was appointed as a Member of DASNY by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of the Budget from 1991 to 1994. She began her career in New York State government with the Assembly where she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

JONATHAN H. GARDNER, Esq., Buffalo.

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

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

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2016.

GERARD ROMSKI, Esq., Mount Kisco.

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

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

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

ELIZABETH BERLIN, *Acting Commissioner of Education of the State of New York, Bethlehem; ex-officio.*

Elizabeth Berlin was appointed by the Board of Regents to serve as Acting Commissioner of Education on January 3, 2015. As Acting Commissioner of Education, Ms. Berlin serves as Executive Deputy Commissioner of the State Education Department, part of the University of the State of New York, which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Formerly, Ms. Berlin served as the Executive Deputy Commissioner of the New York State Office of Temporary and Disability Assistance. Prior thereto she served as Commissioner of the Albany County Department of Social Services. Ms. Berlin holds a Bachelor of Arts degree from Siena College.

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

Howard A. Zucker, M.D., J.D., was appointed Acting Commissioner of Health on May 5, 2014. Prior to his appointment he served as First Deputy Commissioner leading the state Department of Health's preparedness and response initiatives in natural disasters and emergencies. Before joining the state Department of Health, Dr. Zucker

was professor of Clinical Anesthesiology at Albert Einstein College of Medicine of Yeshiva University and a pediatric cardiac anesthesiologist at Montefiore Medical Center. He was also an adjunct professor at Georgetown University Law School where he taught biosecurity law. Dr. Zucker earned his medical degree from George Washington University School of Medicine. He also holds a J.D. from Fordham University School of Law and a LL.M. from Columbia Law School.

MARY BETH LABATE, *Budget Director of the State of New York, Albany; ex-officio.*

Mary Beth Labate was appointed Budget Director on January 16, 2015. 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. Ms. Labate previously served as First Deputy Budget Director where she was responsible for managing the day to day operations of the Division of the Budget and playing a lead role in negotiating, establishing and executing the State Budget. Prior thereto, she held leadership positions at the Division of the Budget, the New York State Office of Parks, Recreation and Historic Preservation, and the New York State Division of Housing and Community Renewal. Ms. Labate holds a Bachelor of Arts degree from the University of Notre Dame and a Master's degree in Public Administration from the Rockefeller School of Public Affairs.

The principal staff of DASNY is as follows:

PAUL T. WILLIAMS, JR. is the President and chief executive officer of DASNY. Mr. Williams is responsible for the overall management of DASNY's administration and operations. Prior to joining DASNY, Mr. Williams spent the majority of his career in law including 15 years as a founding partner in Wood, Williams, Rafalsky & Harris, where he helped to develop a national bond counsel practice, then as a partner in Bryan Cave LLP, where he counseled corporate clients in a range of areas. Mr. Williams later left the practice of law to help to establish a boutique Wall Street investment banking company where he served as president for several years. Throughout his career, Mr. Williams has made significant efforts to support diversity and promote equal opportunity, including his past service as president of One Hundred Black Men, Inc. and chairman of the Eagle Academy Foundation. Mr. Williams is licensed to practice law in the State of New York and holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

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

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor's degree from the State University of New York at Albany.

LINDA H. BUTTON is the Acting Chief Financial Officer and Treasurer of DASNY. Ms. Button oversees and directs the activities of the Office of Finance. She is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable and financial reporting functions, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Ms. Button has served in various capacities at DASNY over a long career, most recently as

Director, Financial Management in the Office of Finance. She holds a Bachelor of Business Administration degree in Accounting from Siena College.

MICHAEL E. CUSACK is General Counsel to DASNY. Mr. Cusack is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all DASNY financings. He is licensed to practice law in the State of New York and the Commonwealth of Massachusetts, as well as the United States District Court for the Northern District of New York. Mr. Cusack has over twenty years of combined legal experience, including management of an in-house legal department and external counsel teams (and budgets) across a five-state region. He most recently served as of counsel to the Albany, New York law firm of Young/Sommer, LLC, where his practice included representation of upstate New York municipalities, telecommunications service providers in the siting of public utility/personal wireless service facilities and other private sector clients. He holds a Bachelor of Science degree from Siena College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

### **Claims and Litigation**

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

### **Other Matters**

#### *New York State Public Authorities Control Board*

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

#### *Legislation*

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

#### *Environmental Quality Review*

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

### *Independent Auditors*

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2014. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

### **PART 8 — LEGALITY OF THE SERIES 2015A BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2015A 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 2015A 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 2015A 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 2015A Bonds.

### **PART 10 — TAX MATTERS**

#### **Opinions of Co-Bond Counsel**

In the opinions of Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2015A 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 2015A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering such opinions, Co-Bond Counsel have relied on certain representations, certifications of fact, and statements of reasonable expectations made by, as applicable, DASNY, the University and others in connection with the Series 2015A Bonds, and Co-Bond Counsel have assumed compliance by, as applicable, DASNY and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015A Bonds from gross income under Section 103 of the Code. In addition, in rendering such opinions, Co-Bond Counsel have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Co-Bond Counsel express no opinion regarding any other Federal or state tax consequences with respect to the Series 2015A Bonds. Co-Bond Counsel render their respective opinions under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement their opinions to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to their attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Co-Bond Counsel express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2015A Bonds, or the exemption from personal income taxes of interest on the Series 2015A Bonds under state or local tax law.

Reference is made to Appendix E hereto for the proposed forms of opinions, in substantially final form, expected to be rendered by Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, respectively, Co-Bond Counsel to DASNY, in connection with the issuance of the Series 2015A Bonds.

### **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 2015A Bonds in order that interest on the Series 2015A 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 2015A 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 2015A Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. DASNY and the University, as applicable, have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2015A 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 2015A Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 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 2015A Bonds.

Prospective owners of the Series 2015A 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 2015A 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 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 2015A Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2015A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Co-Bond Counsel further are of the opinion that, for any 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 2015A Bonds.

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



Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID 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 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 Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a 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 2015A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 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 2015A 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 2015A Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2015A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2015A Bonds. For example, the Fiscal Year 2016 Budget proposed by the Obama Administration recommended a 28% limitation on “all itemized deductions, as well as other tax benefits” including “tax-exempt interest.” The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond, regardless of issue date.

Prospective purchasers of the Series 2015A Bonds should consult their own tax advisors regarding the foregoing matters.

#### **PART 11 — STATE NOT LIABLE ON THE SERIES 2015A BONDS**

The Act provides that notes and bonds of DASNY are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2015A Bonds are not a debt of the State and that the State is not liable on them.

#### **PART 12 — COVENANT BY THE STATE**

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

#### **PART 13 — LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2015A Bonds by DASNY are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2015A Bonds. The proposed forms of Co-Bond Counsel's opinions are set forth in Appendix E hereto.

Certain legal matters will be passed upon for the University by its Special Counsel, Nixon Peabody LLP, New York, New York, and certain other legal matters will be passed upon for the University by its chief legal officer. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Locke Lord LLP (successor by merger to Edwards Wildman Palmer LLP), New York, New York, and The Hardwick Law Firm LLC, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2015A Bonds or questioning or affecting the validity of the Series 2015A Bonds or the proceedings and authority under which they are to be issued.

#### **PART 14 — UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2015A Bonds from DASNY and to make a public offering of Series 2015A Bonds at prices that are not in excess of the public offering prices (or at yields not less than the yields) set forth on the inside cover page of this Official Statement. The purchase price for the Series 2015A Bonds shall be \$139,676,199.45 (which reflects a par amount of \$124,290,000.00, a net original issue premium of \$15,876,569.45 and an underwriters' discount of \$490,370.00). The Underwriters will be obligated to purchase all such Series 2015A Bonds if any are purchased.

The Series 2015A Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

#### **PART 15 - VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Causey Demgen & Moore P.C. ("Causey"), a firm of independent public accountants, will deliver to DASNY, on or before the date of issuance of the Series 2015A Bonds, its verification report prepared in accordance with

standards established by the American Institute of Certified Public Accountants, indicating that it has verified certain information provided by DASNY and the Underwriters with respect to the Refunded Bonds and the Series 2015A Bonds. Included in the scope of Causey's procedures will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Defeasance Securities deposited with the trustee under the resolutions pursuant to which the Refunded Bonds were issued, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Co-Bond Counsel that the Series 2015A Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Causey will be solely based upon data, information and documents that DASNY and the Underwriters caused to be provided to Causey and Causey will express no opinion as to the reasonableness of the assumptions provided to them, the likelihood that the principal of and interest on the Series 2015A Bonds will be paid as described in the schedules provided to them, or the exclusion of the interest on the Series 2015A Bonds from gross income for federal income tax purposes.

#### **PART 16 — CONTINUING DISCLOSURE**

In order to assist the Underwriters 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 Holders of the Series 2015A Bonds to provide to Digital Assurance Certification LLC ("DAC"), as disclosure dissemination agent, on or before 120 days after the end of each fiscal year, commencing with the Fiscal Year of the University ending June 30, 2015, for filing by DAC with the Municipal Securities Rulemaking Board (the "MSRB") and its Electronic Municipal Market Access System for municipal securities disclosure on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 6 - THE UNIVERSITY" of this Official Statement (the "Annual Information"), together with the University's annual consolidated financial statements certified by an independent auditor as prepared in accordance with generally accepted accounting principles; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided and audited financial statements, when available, shall be delivered to DAC for delivery to the MSRB.

If, and only if, and to the extent that it receives the Annual Information and annual consolidated financial statements described above from the University, DAC has undertaken in the Continuing Disclosure Agreement to promptly file such information and consolidated financial statements with the MSRB.

The University also will undertake in the Continuing Disclosure Agreement to provide to DASNY, the Trustee and DAC, in a timely manner not in excess of ten (10) Business Days after the occurrence of a Notice Event (as hereinafter defined), the notices required to be provided by Rule 15c2-12 and described below (the "Notices"). Upon receipt of Notices from the University, the Trustee or DASNY, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2015A 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 it has been provided such information pursuant to 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 consolidated financial statements, Notices or any other information, disclosures or notices provided to it by the University, the Trustee or DASNY and shall not be deemed to be acting in any fiduciary capacity for DASNY, the University, the Trustee, the Holders of the Series 2015A Bonds or any other party. DAC has no responsibility for the failure of the University, DASNY or the Trustee to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC has no duty to determine or liability for failing to determine whether the University, the Trustee or DASNY has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the University, DASNY and the Trustee with respect to their respective obligations under the Continuing Disclosure Agreement. In the event that the obligations of DAC as DASNY's disclosure dissemination agent terminate, DASNY will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

Neither DASNY nor the Trustee have undertaken any responsibility, and neither shall be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to the Continuing Disclosure Agreement and neither shall have any liability to any person, including any Holder of the Series 2015A Bonds, with respect to any such reports, notices or disclosures. DASNY as conduit issuer is not, for purposes of and within the meaning of Rule 15c-12, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Series 2015A Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided.

The Annual Information will consist of (a) operating data and financial information of the type included in the “Operating Information” and the “Annual Financial Statement Information” tables located in “PART 6 - THE UNIVERSITY” of this Official Statement relating to: (1) *student admissions and enrollment*, similar to that set forth in the tables under the subheading “**Student Applications, Acceptances and Enrollments**,” (2) *tuition and other student charges*, similar to that set forth in the table under the subheading, “**Tuition and Fees**,” (3) *financial aid*, similar to that set forth in the tables under the subheading, “**Financial Aid and Scholarships**,” (4) *faculty*, similar to that set forth in the table under the subheading, “**Academic Faculty**,” (5) *employee relations*, including material information about union contracts and, unless such information is included in the audited consolidated financial statements of the University, retirement plans; (6) *investments*, unless such information is included in the audited consolidated financial statements of the University; (7) *plant values*, unless such information is included in the audited consolidated financial statements of the University; and (8) *outstanding long-term indebtedness*, unless such information is included in the audited consolidated financial statements of the University; together with (b) a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of financial and operating data concerning the University.

The Notices include notice of any of the following events with respect to the Series 2015A Bonds (each, a “Notice Event”): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the Series 2015A Bonds or other material events affecting the tax status of the Series 2015A Bonds; (7) modifications to the rights of Holders of the Series 2015A Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2015A Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the University; (14) consummation of a merger, consolidation or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (15) appointment of a successor or additional trustee, or the change of name of a trustee, if material. In addition, DAC will undertake to provide to the MSRB, in a timely manner, notice of any failure by the University to provide the Annual Information and annual consolidated financial statements by the date required in the University’s undertaking described above.

The sole and exclusive remedy for the failure of any party to comply with any provision of the Continuing Disclosure Agreement is an action to compel performance of such party’s obligation and no person, including any Holder of the Series 2015A Bonds, may recover monetary damages under any circumstances. A breach or default under the Continuing Disclosure Agreement will not constitute an Event of Default under the Resolution, the Series 2015A Resolution or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, will no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided. The description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it 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 2015A 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 2015A Bonds will be on file at the principal office of DASNY.

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

#### **PART 17 — RATINGS**

Moody's Investors Service ("Moody's") has assigned a rating of "A3" to the Series 2015A Bonds. Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") has assigned a rating of "A-" to the Series 2015A Bonds. Such ratings reflect only the views of such rating agencies and any desired explanation of the significance of such rating should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by either rating agency (or both) if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Series 2015A Bonds.

#### **PART 18 — MISCELLANEOUS**

Reference in this Official Statement to the Act, the Resolutions and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolutions and the Loan Agreement for full and complete details of their provisions. Copies of the Resolutions and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2015A Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2015A Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2015A Bonds.

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

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

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

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

"Appendix B – Consolidated Financial Statements of The New School as of June 30, 2014 and 2013 and for the Years then Ended with Independent Auditors' Report Thereon" contains the consolidated financial statements of the University as of and for the years ended June 30, 2014 and 2013 and the report thereon of KPMG LLP, the University's independent auditors.

The University has reviewed the parts of this Official Statement describing the University, the Estimated Sources and Uses of Funds, the Refunding Plan and Appendix B. The University, as a condition to issuance of the Series 2015A Bonds, is required to certify that as of the date of this Official Statement, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

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

**CERTAIN DEFINITIONS**

*Appendix A*

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## CERTAIN DEFINITIONS

*In addition to the terms defined in this Official Statement, the following definitions of certain terms are for the use of this Official Statement including the summaries of certain provisions of the Resolution and Loan Agreement. Capitalized terms used herein without other definition have the meaning set forth in the Resolution.:*

**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 Health Care Financing Consolidation Act, being Title 4-B of Article 8 of the Public Authorities Law of the State.

**Annual Administrative Fee** means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority in an amount more particularly described in Schedule B attached to the Loan Agreement, which amount shall not exceed \$100,000 per year.

**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 the Bond Series Certificate relating thereto 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 Section 5.02 of the Resolution.

**Asset Maintenance Ratio** means the ratio obtained by dividing the Unrestricted Net Assets plus the Temporarily Restricted Net Assets by Long-Term Indebtedness.

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

**Authority Fee** means the fee payable to the Authority attributable to the issuance of the Bonds, as more particularly described in Schedule C attached to the Loan Agreement.

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

**Authorized Officer** means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, 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, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the Institution to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, 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 any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution, including the Series 2010 Bonds, the Series 2011 Bonds and the Series 2015A Bonds.

**Bond Counsel** means Hawkins Delafield & Wood LLP, Bryant Rabbino LLP, or an attorney or other law firm appointed by the Authority with respect to a Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

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

**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 is compounded on each Valuation Date for such Bond and is payable only at the maturity or prior redemption thereof.

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

**Construction Fund** means the fund so designated and established by a Series Resolution pursuant to Section 5.02 of the Resolution.

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

**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 expenses 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 Provider or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, commitment fees or similar charges relating to a Reserve Fund Facility, Credit Facility, a Liquidity Facility, or an Interest Rate Exchange Agreement, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

**Cost or Costs of the Project** means when used in relation to a Project the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessarily or appropriately incurred in connection with the 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 the 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 the 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 the 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 the 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 the Project (including interest on money borrowed from parties other than the Institution), (viii) interest on the Bonds of a Series, bonds, notes or other obligations of the Authority issued to finance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with the Project or pursuant to the Resolution or the Loan Agreement, a Mortgage, a Credit Facility, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

**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 of and interest on particular Bonds whether or not the Authority is in default under the Resolution, which is issued or provided by:

1. 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;
2. an insurance company or association chartered or organized under the laws of any state of the United States of America
3. the Government National Mortgage Association or any successor thereto;
4. the Federal National Mortgage Association or any successor thereto; or
5. 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 set forth below.

**Debt Service Fund** means the fund so designated and established by a Series Resolution pursuant to Section 5.02 of the Resolution.

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

**Debt Service Reserve Requirement** means the amount of money required to be on deposit in the Debt Service Reserve Fund, if any, as determined in accordance with the Series Resolution or a Bond Series Certificate pursuant to which such Debt Service Reserve Fund has been established.

**Defeasance Security** means:

- (i) a Government Obligation;
- (ii) a Federal Agency Obligation;
- (iii) 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 Rating Services in the highest rating category for such Exempt Obligation; and

*provided, however*, that such term shall not include (1) any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

**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 Deferred Income 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 (unless otherwise provided in a Series Resolution or Bond Series Certificate with respect to a Series of Bonds).

**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.

**Dormitory Debt** means all or that portion of any Indebtedness for money borrowed incurred, assumed or guaranteed by the Institution on or after July 1, 2005 and capital leases executed on or after July 1, 2005 for the purpose of acquiring, constructing, renovating or improving Dormitory Facilities, and that the Institution has designated as Dormitory Debt by written notice to the Authority; *provided, however*, that the aggregate principal amount of all such Indebtedness does not exceed \$80,000,000.

**Dormitory Debt Service** means for any Fiscal Year the amount payable by the Institution during such Fiscal Year in reduction of the principal of Dormitory Debt and for interest on Dormitory Debt, exclusive of any interest payable during such Fiscal Year from the proceeds of such Dormitory Debt or other Long-Term Indebtedness.

**Dormitory Debt Service Coverage Ratio** means at any date of calculation the ratio obtained by dividing Dormitory Net Revenues Available for Debt Service by the maximum amount of Dormitory Debt Service payable during the then current or any future Fiscal Year; *provided, however*, that for purposes of such calculation, if 25% or more of the principal amount of any Dormitory Debt comes due in any Fiscal Year either at maturity or by mandatory redemption or otherwise, the Dormitory Debt Service Coverage Ratio shall be calculated as though the

principal of and interest at the stated rate on such Dormitory Debt was payable in substantially equal installments during each Fiscal Year commencing with the Fiscal Year during which such Dormitory Debt was incurred and continuing to and including the thirtieth Fiscal Year thereafter.

**Dormitory Expenses** when used in connection with a Dormitory Facility for which Dormitory Debt is outstanding means as of any date of calculation all expenses paid during the immediately preceding Fiscal Year that are reasonably allocable to the maintenance and operation of such Dormitory Facility, exclusive of (i) the amount of general administrative or overhead expenses of the Institution reasonably allocable to such Dormitory Facility, (ii) depreciation and amortization expenses related to the Dormitory Facility, (iii) interest on Dormitory Debt related to such Dormitory Facility, and (iv) items deemed extraordinary in accordance with generally accepted accounting principles.

**Dormitory Facility** means any building or improvement, or portion thereof, used by the Institution exclusively to provide student housing or to provide student housing together with ancillary facilities or services, including but not limited to food, dining, health, laundry and health and fitness facilities or services, whether such building or part thereof is owned or leased by the Institution.

**Dormitory Net Revenues Available for Debt Service** means as of any date of calculation the Dormitory Revenues less the Dormitory Expenses.

**Dormitory Revenues** when used in connection with a Dormitory Facility for which Dormitory Debt is outstanding means as of any date of calculation the revenues received by the Institution during the immediately preceding Fiscal Year from the operation of such Dormitory Facility, exclusive of items deemed extraordinary in accordance with generally accepted accounting principles.

**Event of Default** has the meaning given to such term in Section 31 of the Loan Agreement.

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

**Federal Agency Obligation** means:

- (i) an obligation issued by any federal agency or instrumentality of the United States of America that is rated, without regard to qualification of such rating by symbols such as + or - and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;
- (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by any federal agency or instrumentality of the United States of America that is rated, without regard to qualification of such rating by symbols such as + or - and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services; and
- (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.

**Fiscal Year** means a twelve month period beginning on July 1 of a calendar year and ending on the June 30 of the next succeeding calendar year, or such other 12-month period as the Institution may elect as its fiscal year.

**Government Obligation** means:

- (i) an obligation issued by 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; and
- (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.

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

**Indebtedness** means, without duplication, (i) all obligations of the Institution recorded or required to be recorded as liabilities on the balance sheets thereof for the payment of moneys incurred or assumed by the Institution as determined in accordance with generally accepted accounting principles (exclusive of reserves such as those established for deferred taxes) and (ii) all contingent obligations of the Institution in respect of or to purchase or otherwise acquire or service, indebtedness of other persons, including but not limited to guarantees and endorsements (other than for purposes of collection in the ordinary course of business) of indebtedness of other persons, obligations to reimburse issues of letters of credit or equivalent instruments for the benefit of any person, and contingent obligations to repurchase property theretofore sold by such contingent obligor.

**Institution** means The New School, a co-educational institution of higher education chartered under the laws of the State or any successor thereto.

**Institution Obligations** means notes, bonds, debentures or other evidence of indebtedness issued or incurred by the Institution to finance in part the Costs of a Project.

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

**Intercreditor Agreement** means an agreement by and among, *inter alia*, the Authority and the Trustee, as creditors of the Institution, with respect to (i) the relative priorities of the liens upon the Pledged Revenues and, to the extent the obligations of the Institution to any two or more of such creditors is secured by a Mortgage on the same Mortgaged Property, the mortgage lien upon such Mortgaged Property, (ii) limitations or conditions upon their respective rights to enforce, foreclose or realize upon such liens, and (iii) the application of any money realized from the enforcement, foreclosure or other realization upon such liens.

**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 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 (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

**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 thereto interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds and that such 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 a repurchase agreement or other agreement for the investment of money with a Qualified Financial Institution.

**Letter of Representation** means the Letter of Representation of the Institution, dated the date of the sale of the Bonds, addressed to the Authority and the Underwriter.

**Lien** means any mortgage, pledge, lien, charge or security interest in the nature thereof (including any conditional sales agreement, equipment trust agreement, or other title retention agreement) or other encumbrance of whatsoever nature.

**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 such Bonds tendered for purchase in accordance with the terms of a Series Resolution authorizing such Bonds or a 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 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.

**Loan Agreement** means when used in connection with a Series of Bonds or the funds and accounts established in connection with a Series of Bonds, the Loan Agreement by and between, between the Authority and the Institution entered into in connection with the issuance of such Series of Bonds, as the same from time to time shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement.

**Long-Term Indebtedness** means Indebtedness on which no payments are required to be made in reduction of the principal thereof for a period of more than one (1) year after such indebtedness was incurred or on which payments of principal may be extended at the option of the Institution to a date that is more than one (1) year after such Indebtedness was incurred.

**Management Consultant** means a person with recognized skill and experience in the financial affairs of institutions of higher education.

**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 the Bond Series Certificate relating to such Bond as 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 the Bond Series Certificate relating to such Bonds as the minimum rate at which such Bond may bear interest at any time.

**Moody's** means Moody's Investors Service, Inc. or its successors or assigns.

**Mortgage** means a mortgage or modification or amendment thereto made by the Institution to the Authority in connection with the issuance of a Series of Bonds pursuant to a Loan Agreement, in form and substance satisfactory to an Authorized Officer of the Authority, on property described in such Mortgage as security for the performance of the Institution's obligations under such 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 and improvements thereon or to be erected thereon described in a Mortgage and the fixtures, furnishings and equipment owned by the Institution located therein or thereon at the time such Mortgage is made or that is thereafter located therein or thereon.

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

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

**Outstanding**, when used in reference to Bonds of a Series, means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and 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 Section 12.01 of the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Article III, Section 4.06 or Section 10.07 of the Resolution; and
- (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

**Parity Indebtedness** means indebtedness incurred by the Institution, that is permitted by the Resolution and the applicable Series Resolution and Loan Agreement, to be secured equally and ratably by the Pledged Revenues, the applicable Mortgaged Property, or both.

**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;
- (ii) Federal Agency Obligations; or



(iii) 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 which regularly deals in such agreements, bonds or instruments and is rated A+XII (or higher) by Bests Insurance Guide or the highest rating category by a Rating Service.

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

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

**Permitted Investments** means any of the following:

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) 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, which qualifies as a “build America bond” within the meaning of Section 54AA of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as + or - and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;
- (v) 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 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, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, by at least one Rating Service in at least the second highest rating category;

(vi) 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, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, by at least one Rating Service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;

(vii) commercial paper issued by a domestic corporation rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least two Rating Services and having maturities of not longer than two hundred seventy (270) days from the date of purchase;

(viii) bankers' acceptances issued by a bank rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least two Rating Services and having maturities of not longer than three hundred sixty-five (365) days from the date they are purchased;

(ix) Investment Agreements that are fully collateralized by Permitted Collateral; and

(x) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of \$1.00 per share, that is rated in the highest short term rating category by at least one Rating Service and at the time an investment therein is made such fund had a minimum asset value of \$500,000,000.

**Permitted Liens**, when used with any Mortgaged Property, shall have the meaning given to such term in the applicable Loan Agreement.

**Pledged Revenues** means tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof.

**Prior Pledges** shall have the meaning given to such term in the respective Loan Agreement.

**Project** means a dormitory as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of a Series of Bonds, as more particularly described in the Loan Agreement, in or pursuant to a Series Resolution or in or pursuant to a Bond Series Certificate, including, with respect to the Series 2015A Bonds, the property refinanced, in whole or in part, by the Refunded Bonds.

**Project Loan Mortgaged Property** means the property described in Schedule F of the Loan Agreement.

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

**Provider Payments** means the amount, certified by a Provider to the Trustee, payable to such Provider by the Institution on account of amounts advanced by it under a Reserve Fund Facility, 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 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 Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds 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 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 Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds 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 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 Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

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

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

**Rating Service** means each of Moody's Investors Service, Inc., Standard & Poor's Rating Services, and Fitch, Inc., 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 Variable Interest Rate Bonds or Option Bonds or a Bond Series Certificate relating thereto provides otherwise with respect to such Variable Interest Rate Bonds or Option Bonds, 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.

**Refunded Bonds** means all or a portion of outstanding the Dormitory Authority of the State of New York, New School University Insured Revenue Bonds, Series 1999, Dormitory Authority of the State of New York, New School University Insured Revenue Bonds, Series 2001, Dormitory Authority of the State of New York, New School University Insured Revenue Bonds, Series 2005, Dormitory Authority of the State of New York, The New School Insured Revenue Bonds, Series 2006 and Dormitory Authority of the State of New York, The New School Revenue Bonds, Series 2010, refunded with a portion of the proceeds of the Series 2015A Bonds.

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

**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, as amended, supplemented or otherwise modified.

**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 for all or a portion of the money otherwise required to be held in such Debt Service Reserve Fund.

**Resolution** means The New School Revenue Bond Resolution, adopted by the Authority on October 27, 2010, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

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

**Revenues** means, with respect to a Series of Bonds, all payments received or receivable by the Authority that 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, any fund established for the payment of the purchase price of Option Bonds tendered for purchase or redemption or any fund established for the repayment of funds drawn under a Credit Facility or Liquidity Facility) and all amounts received as a consequence of the enforcement of such Loan Agreement, or applicable Mortgage defined in such Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon a Mortgage on property of the Institution given to secure the Institution's obligation under such Loan Agreement or upon the security interest in the Pledged Revenues.

**Serial Bonds** means the Bonds so designated in a Series Resolution or a Bond Series Certificate.

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

**Series Certificate** or **Bond Series Certificate** means the Bond Series Certificate relating to the Bonds made and executed pursuant to Section 2.03 of the Series Resolution.

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

**Series 2010 Bonds** means the Authority's The New School Revenue Bonds, Series 2010.

**Series 2011 Bonds** means the Authority's The New School Revenue Bonds, Series 2011.

**Series 2015A Bonds** means the Authority's The New School Revenue Bonds, Series 2015A.

**Sinking Fund Installment** means, with respect to a Series of Bonds, as of any date of calculation:

(i) 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

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

**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.

**Start-up Period** means with respect to a Dormitory Facility each of (i) the period commencing on the date Dormitory Debt was incurred for such Dormitory Facility and ending on the last day of the 24<sup>th</sup> month thereafter and (ii) the period commencing on the day following such 24<sup>th</sup> month and ending on the last day of the 36<sup>th</sup> month after Dormitory Debt was incurred for such Dormitory Facility; *provided, however*, that the period described in clause (ii) shall not constitute a Start-up Period unless for the Fiscal Year ending during such period the Dormitory Debt Service Coverage Ratio was at least 1.0.

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

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

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

**Temporarily Restricted Net Assets** means, with respect to the Institution's audited financial statements, the sum of all temporarily restricted net assets, determined in accordance with generally accepted accounting principles.

**Testing Date** means December 31 and June 30 of each Fiscal Year.

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

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

**Tuition Revenues** means all tuition and fees charged to students and received by the Institution for academic instruction.

**Unrestricted Net Assets** means, with respect to the Institution's audited financial statements, the sum of all unrestricted net assets exclusive of net investment in plant, in each case determined in accordance with generally accepted accounting principles.

**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.

**CONSOLIDATED FINANCIAL STATEMENTS OF THE NEW SCHOOL  
AS OF JUNE 30, 2014 AND 2013 AND FOR THE YEARS THEN ENDED WITH  
INDEPENDENT AUDITORS' REPORT THEREON**

*Appendix B*

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# The New School

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# Financial Statements

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July 1, 2013 through June 30, 2014

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(With Independent Auditors' Report Thereon)

## THE NEW SCHOOL

### STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The New School prepared the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America and is responsible for their integrity, objectivity, and fair presentation.

The management of The New School maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization, and financial records are reliable for preparing financial statements. This system of control provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or detected within a timely period. Key elements in this system include the communication of written policies and procedures, selection and training of qualified personnel, and organizational arrangements that provide an appropriate division of responsibility. Management believes that, as of and for the years ended June 30, 2014 and 2013, The New School's system of internal control was adequate to accomplish these objectives.

The New School's Board of Trustees addresses its oversight responsibility for the financial statements through its Audit and Risk Committee, which is composed of Trustees and others who are independent of The New School's management. The Audit and Risk Committee meets regularly with the university's management and independent auditor to review matters relating to financial reporting, auditing and internal control. The independent auditor has full and free access to the Audit and Risk Committee.

The independent accounting firm of KPMG LLP was engaged to audit, in accordance with auditing standards generally accepted in the United States of America, the financial statements of The New School. The auditor was given unrestricted access to all financial records and related data including minutes of all meetings of the Board of Trustees and its committees. All representations made to the independent auditor by university management during its audits were true and accurate to the best of our knowledge and belief. KPMG's report follows.



Steve Stabile  
Vice President for Finance &  
Business and Treasurer



Tokumbo Shabowale  
Chief Operating Officer



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

## **Independent Auditors' Report**

The Board of Trustees  
The New School:

We have audited the accompanying consolidated financial statements of The New School, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The New School as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

October 21, 2014

**THE NEW SCHOOL**  
Consolidated Balance Sheets  
June 30, 2014 and 2013  
(Dollars in thousands)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 3,089	11,660
Student accounts receivable, net (note 3)	8,767	7,822
Contributions receivable, net (note 4)	17,432	20,424
Investments (note 5)	383,950	339,816
Deferred charges and other assets (notes 6 and 8)	36,147	21,357
Funds held by bond trustees (note 7)	16,246	43,191
Student loans receivable (note 3)	3,315	3,912
Land, buildings, and equipment (notes 6 and 8)	554,597	509,819
Total assets	\$ 1,023,543	958,001
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities (notes 8, 16, and 18)	\$ 56,463	69,363
Deferred revenue	11,170	11,037
Federal Perkins student loan advances	3,765	3,768
Long-term debt (note 8)	430,478	434,568
Total liabilities	501,876	518,736
Commitments and contingencies (notes 5, 8, 9, 16, and 18)		
Net assets (notes 10 and 11):		
Unrestricted	354,729	239,983
Temporarily restricted	85,681	118,970
Permanently restricted	81,257	80,312
Total net assets	521,667	439,265
Total liabilities and net assets	\$ 1,023,543	958,001

See accompanying notes to consolidated financial statements.

**THE NEW SCHOOL**  
Consolidated Statements of Activities  
Years ended June 30, 2014 and 2013  
(Dollars in thousands)

	<b>2014</b>	<b>2013</b>
Change in unrestricted net assets:		
Operating revenues:		
Student tuition and fees	\$ 350,079	335,706
Scholarship allowance (note 13)	(94,353)	(90,422)
Net tuition and fees	255,726	245,284
Contributions	2,289	3,584
Grants and contracts	4,742	5,822
Endowment return appropriated for operations (notes 5 and 11)	4,830	4,765
Auxiliary activities	36,905	31,267
Other income (note 5)	8,967	5,052
Net assets released from restrictions (note 12)	19,345	16,954
Total operating revenues	332,804	312,728
Operating expenses (note 14):		
Instruction and departmental research	128,752	118,739
Sponsored research and public services	9,930	9,516
Academic support	65,244	62,366
Student services	26,615	23,990
Auxiliary activities	35,750	30,270
Institutional support	64,347	61,571
Total operating expenses	330,638	306,452
Net operating revenues before gain on sale of building	2,166	6,276
Gain on sale of building (note 6)	58,976	—
Net operating revenues and gains	\$ 61,142	6,276

**THE NEW SCHOOL**  
Consolidated Statements of Activities  
Years ended June 30, 2014 and 2013  
(Dollars in thousands)

	<u>2014</u>	<u>2013</u>
Net operating revenues and gains, brought forward	\$ 61,142	6,276
Nonoperating activities:		
Endowment return (notes 5 and 11)	15,292	5,959
Endowment return appropriated for operations (notes 5 and 11)	(4,830)	(4,765)
Other, net (note 16)	(814)	(788)
Net assets released for capital expenditures (note 12)	43,956	250
	<u>114,746</u>	<u>6,932</u>
Change in unrestricted net assets		
Changes in temporarily restricted net assets:		
Contributions	12,294	13,153
Grants for capital	325	—
Endowment return (notes 5 and 11)	17,134	6,279
Other, net	259	46
Net assets released (note 12)	(63,301)	(17,204)
	<u>(33,289)</u>	<u>2,274</u>
Change in temporarily restricted net assets		
Changes in permanently restricted net assets:		
Contributions for endowment	923	1,858
Other, net	22	112
	<u>945</u>	<u>1,970</u>
Change in permanently restricted net assets		
Change in net assets	82,402	11,176
Net assets at beginning of year	<u>439,265</u>	<u>428,089</u>
Net assets end of year	<u>\$ 521,667</u>	<u>439,265</u>
Certain amounts disaggregated above are presented below in the aggregate:		
Contributions	\$ 15,506	18,595
Endowment return	32,426	12,238
Endowment return appropriated for operations	10,414	9,705

See accompanying notes to consolidated financial statements.

**THE NEW SCHOOL**

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Change in net assets	\$ 82,402	11,176
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,858	13,172
Provision for uncollectible student receivables	1,846	1,992
Amortization of net bond premium and deferred charges	259	223
Net realized and unrealized gains on investments	(30,016)	(7,788)
Casualty loss	20,493	—
Insurance recoveries	(20,493)	—
Gain on sale of building	(58,976)	—
Contributions and grants restricted for:		
Investment in endowment	(923)	(1,858)
Investment in capital projects	(375)	(103)
Changes in operating assets and liabilities:		
Student accounts receivable	(2,791)	(2,652)
Contributions receivable	398	(356)
Deferred charges and other assets	(1,617)	(2,144)
Accounts payable and accrued expenses	1,221	1,945
Deferred revenue	133	(423)
Net cash provided by operating activities	8,419	13,184
Cash flows from investing activities:		
Purchase of investments	(540,550)	(194,412)
Proceeds from sales of investments	526,432	184,526
Purchase of fixed assets	(84,449)	(143,656)
Proceeds from insurance recoveries	6,981	—
Proceeds from sale of building, net	61,296	—
Payments of accounts payable for fixed assets	(14,121)	(12,409)
Student loans issued	(56)	(540)
Student loans collected	653	748
Net cash used in investing activities	(43,814)	(165,743)
Cash flows from financing activities:		
Payments on long-term debt	(4,010)	(3,435)
Change in funds held by bond trustees	26,945	137,938
Change in contributions receivable restricted for endowment	98	3,141
Change in contributions receivable restricted for capital projects	2,496	15,352
Contributions restricted for endowment	923	1,858
Contributions restricted for capital projects	375	103
Change in Federal Perkins student loan advances	(3)	(2)
Net cash provided by financing activities	26,824	154,955
Net change in cash and cash equivalents	(8,571)	2,396
Cash and cash equivalents – beginning of year	11,660	9,264
Cash and cash equivalents – end of year	\$ 3,089	11,660
Supplemental information – interest paid	\$ 24,118	23,195

See accompanying notes to consolidated financial statements.

## THE NEW SCHOOL

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

#### (1) The University

The New School was founded in 1919 by a group of scholars, journalists, and civic leaders who imagined an educational venue where they could freely discuss their ideas, and where dialogue could take place between intellectuals and the public. Originally devoted to exploring the pressing social, political, and economic problems of the day, The New School has since expanded its focus to embrace the arts and culture. Today The New School offers bachelors and masters programs in the visual and performing arts in addition to bachelors, masters, doctorate and certificate programs in the liberal arts, social sciences, and management and urban policy.

The New School comprises seven schools, each with its own history and program offerings. The seven schools are: The New School for Public Engagement; The New School for Social Research; Parsons The New School for Design; Eugene Lang College The New School for Liberal Arts; Mannes College The New School for Music; The New School for Drama; and The New School for Jazz and Contemporary Music.

During 2014, The New School formed an entity, TNS Parsons, for its campus in Paris, France. The consolidated financial statements of The New School include the accounts of its affiliate (collectively referred to as the university).

The university is accredited by the Middle States Association of Colleges and Schools.

#### (2) Summary of Significant Accounting Policies

##### (a) *Net Asset Classifications*

The university's consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). All material intercompany transactions and balances have been eliminated. While the underlying accounts of the university are maintained in accordance with the principles of fund accounting to facilitate observance of specific restrictions placed on the resources available to the university and to reflect how the university manages resources, the accompanying consolidated financial statements present the financial position, activities, and cash flows of the university as a whole. University resources are classified and reported in the accompanying consolidated financial statements within separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the university to use the income from the resources for either specified or unspecified purposes.

Temporarily restricted net assets contain donor-imposed restrictions that permit the university to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the university.



## THE NEW SCHOOL

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have been satisfied or expired. The university's Board of Trustees has designated a portion of the unrestricted net assets for long-term investment (quasi-endowment).

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

**(b) Cash Equivalents**

Cash equivalents consist of money market funds and highly liquid financial instruments with an initial maturity of three months or less, except for those held by the university's investment managers as part of their long-term investment strategies.

**(c) Land, Buildings, and Equipment**

Land, buildings, and equipment are stated at cost or, if acquired by gift, at appraised value at date of donation. Costs of building alterations are capitalized. Costs of repairs and maintenance are expensed.

Depreciation is calculated on the straight-line basis over the estimated useful lives of the related assets as follows:

	<b>Estimated useful life</b>
Buildings	40–75 years
Building improvements	15–30 years
Leasehold improvements	Lease term
Furniture and equipment	5 years
Computer equipment	3 years

**(d) Art Collection**

The university's art collection consists of works of art, including prints, paintings, photographs, and sculptures that are held for the purposes of public exhibition, education, and research. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed by the university's curators.

The art collection, which was acquired through purchases and contributions since the university's inception, is not recognized as an asset in the balance sheet. Purchases of collection items are recorded as expenses and contributed collection items are not reported as contributions. Proceeds from sales are reflected as increases in unrestricted net assets.

**THE NEW SCHOOL**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

**(e) Contributions and Contributions Receivable**

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the period received. Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional contribution revenue.

Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

**(f) Split Interest Agreements**

The university is the beneficiary of several split interest arrangements that require the instruments be recorded as revenue and net assets at the present value of the university's interest.

At June 30, 2014 and 2013, assets associated with split interest gifts approximate \$1,757 and \$1,821, respectively, including a life estate interest of \$1,100 at each year end.

**(g) Fair Value of Financial Instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are as follows:

*Level 1* – valuation inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the university has the ability to access at measurement date.

*Level 2* – valuation inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

*Level 3* – valuation inputs are unobservable inputs for the assets or liabilities.

With respect to those investments reported at estimated fair value based upon Net Asset Values (NAVs) provided by investment managers, classification in Level 2 or 3 is based on the university's

## THE NEW SCHOOL

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

ability to redeem its interest at or near June 30. If the interest can be redeemed in the near term generally (within 90 days), the investment is classified as Level 2.

Assets which the university reports at fair value on a recurring basis are investments and funds held by bond trustee. The inputs used to determine the fair values of these assets are delineated within a FASB-defined fair value hierarchy.

At June 30, 2014 and 2013, the carrying values of the university's cash equivalents, student accounts receivables, and accounts payable and accrued liabilities approximated their fair values because of the terms and relatively short maturities of these financial instruments. The fair value of cash equivalents is considered to be Level 1 in the fair value hierarchy. The fair value of receivables and accounts payable and accrued liabilities involves unobservable inputs and would be considered to be Level 3 in the fair value hierarchy. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

**(h) Government Grants and Contracts**

Government grants and contracts, except for capital project grants, are accounted for as exchange transactions and revenue is reported as earned.

**(i) Deferred Revenue**

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

**(j) Advertising Costs**

Advertising expenses reflected in the statements of activities totaled \$2,870 and \$3,339 for fiscal years 2014 and 2013, respectively.

**(k) Estimates**

The preparation of the consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include valuation of investments at fair value and estimated net realizable value of receivables. Actual results could differ from those estimates.

**(l) Income Taxes**

The university is exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, except for any unrelated business income activities. The university recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The university evaluates, on an annual basis, the effects of any uncertain tax positions on its

**THE NEW SCHOOL**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

consolidated financial statements. As of June 30, 2014 and 2013, the university has not identified or provided for any such positions.

**(m) Operations**

The statements of activities present the changes in net assets, distinguishing between operating and nonoperating activities. Operating activities principally include all revenue and expenses that relate to the university's educational programs, research, training, and supporting activities. Operating revenues include the investment return pursuant to the university's spending policy and earned on working capital funds. Operating revenues also include all contributions, except those intended for capital or endowment purposes.

The university has defined nonoperating activities principally to include endowment investment return net of amounts distributed to support operations in accordance with the endowment spending policy (note 11), endowment and capital contributions, net assets released from restrictions for capital expenditure, and activity related to annuity and unitrust agreements. Certain other gains, losses or transactions considered to be of a more unusual or nonrecurring nature are also included as part of nonoperating activities.

**(n) Reclassifications**

Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the 2014 presentation.

**(3) Student Accounts and Loans Receivable**

Student accounts and loans receivable consisted of the following at June 30, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Student accounts receivable:		
Student accounts receivable	\$ 18,779	16,848
Less allowance for uncollectible accounts	(10,012)	(9,026)
	\$ 8,767	7,822
Student loans receivable:		
Student loans (Perkins loans)	\$ 5,331	5,794
Less allowance for uncollectible loans	(2,016)	(1,882)
	\$ 3,315	3,912

**THE NEW SCHOOL**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

**(4) Contributions Receivable**

Contributions receivable are expected to be collected as follows at June 30, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Amounts expected to be collected:		
In one year or less	\$ 11,588	12,661
In one year to five years	7,111	9,429
In more than five years	966	1,138
	19,665	23,228
Less allowance for uncollectible amounts	(1,856)	(2,080)
Less discount to present value (at rates ranging from 0.11% to 5.15%)	(377)	(724)
	\$ 17,432	20,424

At June 30, 2014 and 2013, the amounts receivable from ten donors represent approximately 68% and 71%, respectively, of the gross receivables.

**(5) Investments**

Investments, at fair value, consisted of the following at June 30, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Endowment investments:		
Cash and cash equivalents	\$ 46,873	2,547
Public equity	118,331	65,736
Fixed income	65,345	66,883
Hedge funds	32,369	40,033
Private equity	20,895	17,586
Real assets	16,245	21,183
	300,058	213,968
Operating and other investments:		
Cash and cash equivalents	25,044	21,316
Public equity	252	262
Fixed income	55,931	101,605
Real estate	2,665	2,665
	83,892	125,848
Total investments	\$ 383,950	339,816

Investments in debt and equity securities with readily determinable fair values are reported at fair value based upon quoted market prices, except for the estimated fair values of hedge funds, certain fixed income

## THE NEW SCHOOL

### Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

funds and private equity which, as a practical expedient, are based on NAVs provided by the fund managers. These values are reviewed and evaluated by university management. The reported value may differ significantly from the values that would have been reported had a ready market for these investments existed.

In addition to traditional equities and fixed income securities, the university holds shares or units in alternative investment funds involving fixed income, hedged, private equity, and real asset strategies. Information with respect to investment strategies, redemption terms, and funding commitments for these investments follows:

*Fixed Income* – Fixed income includes investment grade and high yield funds. It is comprised of a limited liability partnership, which invests primarily in domestic middle market companies, a global multi-sector strategy fund, with a selection of undervalued securities, as well as a bond fund composed of shorter-duration U.S. government, agencies and instrumentality obligations. The redemption periods for these fixed income funds range from daily to annually.

*Hedge Funds* – Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Hedged strategies generally seek to benefit from opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies. The university's hedge funds are mostly long/short but also include event-driven, relative value, and multi-strategy. The redemption periods for these hedge funds range from monthly to annually.

*Private Equity* – Private equity funds employ buyout and venture capital strategies and may focus on investments in turn-around situations. Positions focus on the purchase, development, improvement, and management of companies that are not publically traded on a stock exchange. These investments are made through limited partnerships which have a limited existence, generally ten years. Under the terms of the agreements, the university is obligated to remit additional funding periodically as capital calls are exercised by the manager. Distributions are made to investors through the liquidation of the underlying assets. Remaining commitments to funds in this category total \$6,307 as of June 30, 2014.

*Real Assets* – The university's real assets are composed of commodities and real estate. The commodity position is held in two investment strategies, one to mirror the price of gold and the other is a fund of futures, swaps, and equities, in agriculture, energy, and metals. The real estate investment is a limited partnership. The investment strategy includes the purchase and management of global residential, commercial, and industrial real estate with value attempted to be realized through both improved operations and gains on eventual sale. Remaining commitments to fund the limited partnership is \$310 as of June 30, 2014.

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Investment return on endowment, operating, and other investments; funds held by the bond trustees; and cash equivalents, and its classification in the statements of activities, was as follows:

	<b>2014</b>		
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>
Dividends and interest	\$ 2,893	2,975	5,868
Realized gains	13,212	17,084	30,296
Change in unrealized position	1,971	(2,251)	(280)
Less custodial and advisory fees	(589)	(665)	(1,254)
Total investment return	\$ 17,487	17,143	34,630

Investment return has been allocated as follows:

Operating, pursuant to the university's endowment spending policy	\$ 4,830	5,584	10,414
Operating, other income	2,195	9	2,204
Nonoperating investment activity	10,462	11,550	22,012
Total investment return	\$ 17,487	17,143	34,630

	<b>2013</b>		
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>
Dividends and interest	\$ 3,188	1,714	4,902
Realized gains	341	773	1,114
Change in unrealized position	2,602	4,072	6,674
Less custodial and advisory fees	(248)	(280)	(528)
Total investment return	\$ 5,883	6,279	12,162

Investment return has been allocated as follows:

Operating, pursuant to the university's endowment spending policy	\$ 4,765	4,940	9,705
Operating, other income (loss)	(76)	—	(76)
Nonoperating investment activity	1,194	1,339	2,533
Total investment return	\$ 5,883	6,279	12,162

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Investments at June 30, 2014 and 2013 are summarized in the following tables by their classification in the fair value hierarchy:

	2014				Redemption/ liquidation	Days notice
	Level 1	Level 2	Level 3	Total		
Cash and cash equivalents	\$ 71,917	—	—	71,917	Daily	Daily
Public equity:						
Domestic	35,916	18,995	—	54,911	Daily to quarterly	1 to 75
International	34,470	8,260	—	42,730	Daily to semi-annually	1 to 75
Emerging markets	14,983	5,959	—	20,942	Daily to quarterly	1 to 30
Total public equity	<u>85,369</u>	<u>33,214</u>	<u>—</u>	<u>118,583</u>		
Fixed income:						
U.S. government-backed	55,805	—	—	55,805	Daily	Daily
Investment grade	32,083	8,818	4,793	45,694	Daily to annually	1 to 60
High yield	6,161	8,823	4,793	19,777	Daily to annually	1 to 60
Total fixed income	<u>94,049</u>	<u>17,641</u>	<u>9,586</u>	<u>121,276</u>		
Hedge funds:						
Long/short	—	19,728	12,641	32,369	Quarterly to annually	45 to 60
Total hedge funds	<u>—</u>	<u>19,728</u>	<u>12,641</u>	<u>32,369</u>		
Private equity	—	—	20,895	20,895	No redemptions	Illiquid
Real assets:						
Commodities	7,857	6,600	—	14,457	Daily to monthly	1 to 30
Real estate	—	—	4,453	4,453	No redemptions	Illiquid
Total real assets	<u>7,857</u>	<u>6,600</u>	<u>4,453</u>	<u>18,910</u>		
Total	<u>\$ 259,192</u>	<u>77,183</u>	<u>47,575</u>	<u>383,950</u>		



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		2013					
		Level 1	Level 2	Level 3	Total	Redemption/ liquidation	Days notice
Cash and cash equivalents	\$	23,863	—	—	23,863	Daily	Daily
Public equity:							
Domestic		23,731	8,240	—	31,971	Daily to semi-annually	1 to 75
International		6,006	12,094	—	18,100	Daily to semi-annually	1 to 75
Emerging markets		—	15,927	—	15,927	Monthly	30
Total public equity		29,737	36,261	—	65,998		
Fixed income:							
U.S. government-backed		130,306	—	—	130,306	Daily	Daily
Investment grade		13,297	3,116	4,332	20,745	Daily to annually	1 to 60
High yield		6,168	6,937	4,332	17,437	Daily to annually	1 to 60
Total fixed income		149,771	10,053	8,664	168,488		
Hedge funds:							
Long/short		—	22,372	858	23,230	Quarterly to annually	45 to 60
Relative value		—	8,316	—	8,316	Monthly	60
Multi-strategy		—	—	8,487	8,487	Annually	60
Total hedge funds		—	30,688	9,345	40,033		
Private equity		—	—	17,586	17,586	No redemptions	Illiquid
Real assets:							
Commodities		5,079	14,345	—	19,424	Daily to monthly	1 to 30
Real estate		—	—	4,424	4,424	No redemptions	Illiquid
Total real assets		5,079	14,345	4,424	23,848		
Total	\$	208,450	91,347	40,019	339,816		

Investments at June 30, 2014 and 2013 are summarized in the following tables by their investment liquidity profile:

	2014			2013		
	Endowment	Operating	Total	Endowment	Operating	Total
Daily	\$ 177,965	81,227	259,192	101,194	123,183	224,377
Monthly	38,505	—	38,505	32,638	—	32,638
Quarterly	37,370	—	37,370	22,372	—	22,372
Semi-annually	1,308	—	1,308	20,410	—	20,410
Annual	22,227	—	22,227	18,009	—	18,009
Illiquid	22,683	2,665	25,348	19,345	2,665	22,010
Total	\$ 300,058	83,892	383,950	213,968	125,848	339,816

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The following table presents the activity for the fiscal years ended June 30, 2014 and 2013 for investments classified as Level 3 within the fair value hierarchy:

	<u>Fixed income</u>	<u>Hedge funds</u>	<u>Private equity</u>	<u>Real assets</u>	<u>Total</u>
Ending value, June 30, 2012	\$ 7,806	8,585	20,335	4,527	41,253
Purchases	—	—	1,079	—	1,079
Sales	—	(3,061)	(3,133)	—	(6,194)
Net realized gains (losses)	—	3,061	716	(258)	3,519
Net unrealized gains (losses)	858	760	(1,411)	155	362
Ending value, June 30, 2013	8,664	9,345	17,586	4,424	40,019
Purchases	—	11,600	1,853	—	13,453
Sales	—	(9,069)	(5,034)	—	(14,103)
Net realized gains (losses)	—	1,569	2,185	(121)	3,633
Net unrealized gains (losses)	922	(804)	4,305	150	4,573
Ending value, June 30, 2014	\$ <u>9,586</u>	<u>12,641</u>	<u>20,895</u>	<u>4,453</u>	<u>47,575</u>

The university's policy is to record transfers from Level 2 to Level 3 on the actual date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1 and 2 during fiscal years 2014 and 2013.

**(6) Land, Buildings, and Equipment**

Land, buildings, and equipment consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land and air rights	\$ 52,073	52,913
Buildings and building improvements	529,851	199,047
Leasehold improvements	60,810	61,658
Furniture and equipment	30,053	13,736
Construction in progress	11,303	304,540
	684,090	631,894
Less accumulated depreciation	(129,493)	(122,075)
Total land, buildings, and equipment – net	\$ <u>554,597</u>	<u>509,819</u>

The university completed construction of the University Center project in fiscal year 2014, opening the doors of a 365,000 square foot facility featuring academic and mixed use space, and a six hundred seventeen bed dormitory facility.

On April 4, 2014, the university sold its Midtown Manhattan property for \$62.3 million. The net carrying value of the property was \$2.3 million on the date of the sale and costs of the sale were approximately

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\$1.1 million. The university recognized an operating gain of approximately \$58.9 million in fiscal year 2014, reported in the accompanying consolidated statements of activities.

On January 15, 2014, the university incurred extensive water damage to three of its properties as a result of a water main break. The net book value of the assets damaged was \$20.5 million. Following the incident, the university filed insurance claims with various insurance carriers. The university received advances from the insurance carriers in the amount of \$7.0 million during the year ended June 30, 2014 and \$6.6 million subsequent to June 30, 2014. The university recorded an estimated insurance recovery receivable in the amount of \$13.5 million included in deferred charges and other assets in the accompanying consolidated balance sheet as of June 30, 2014.

On April 8, 2014, the university entered into a contract to sell its building on West 85th Street, which currently houses Mannes College The New School for Music.

**(7) Funds Held by Bond Trustees**

Construction, capitalized interest and debt service funds, held by the bond trustees consisted of the following at June 30, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 16,246	1,783
U.S. Treasury securities	—	41,408
	\$ 16,246	43,191
	<b>2014</b>	<b>2013</b>
Construction funds	\$ 87	27,778
Capitalized interest funds	—	8,313
Debt service funds	16,159	7,100
	\$ 16,246	43,191

The funds held by bond trustees at June 30, 2014 and 2013 are reported at fair value and are classified as Level 1 in the fair value hierarchy.

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**(8) Long-Term Debt**

Long-term debt consisted of the following at June 30, 2014 and 2013:

<u>Description</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>2014 Principal balance</u>	<u>2013 Principal balance</u>
Dormitory Authority of the State of New York Revenue Bonds:				
Series 2011	July 1, 2031	4.00% – 5.00% \$	33,595	34,770
Series 2010	July 1, 2050	5.00 – 6.00	301,055	301,055
Series 2006	July 1, 2046	4.00 – 5.00	67,480	68,325
Series 2005	July 1, 2026	4.00 – 5.00	12,470	14,460
Series 2001	July 1, 2041	5.00	9,660	9,660
Series 1999	July 1, 2033	5.00	5,430	5,430
			<u>429,690</u>	<u>433,700</u>
Less unamortized discount			(6,946)	(7,143)
Add unamortized premium			<u>7,734</u>	<u>8,011</u>
			<u>\$ 430,478</u>	<u>434,568</u>

In October 2011, the university issued \$35,480 of Series 2011 tax-exempt serial and term bonds through the Dormitory Authority of the State of New York (the Dormitory Authority) to cash defease a portion of the outstanding Series 1999 and Series 2001 issues. The serial bonds are due in varying annual installments through fiscal 2027. Term bonds with varying yields are due in fiscal 2024, 2026, and 2031. The Series 1999 and Series 2001 issues are secured by mortgages on 72 Fifth Avenue, 22-26 East 14th Street, and 118 West 13th Street. The university executed revised mortgages on these properties so that this collateral is shared on a pro-rata basis among the Series 2011 bonds and the remaining outstanding Series 1999 and 2001 bonds.

In November 2010, the university entered into a loan agreement with the Dormitory Authority to issue \$301,055 in tax-exempt serial and term bonds to finance the construction of The University Center, which is an academic building and a 617-bed dormitory on top of the academic floors, located at 65 Fifth Avenue. The Serial Bonds are due in varying annual installments commencing in fiscal 2014 and maturing in 2025. Term bonds are due in 2030, 2040, 2043, and 2050. The university executed a mortgage on 65 Fifth Avenue as collateral for the loan. Payment of the principal and interest of \$56,590 of Series 2010 maturing in July 2043 is insured by a financial guaranty insurance policy.

In 2006, 2005, 2001 and 1999, the university entered into loan agreements with the Dormitory Authority to issue tax-exempt Insured Revenue Bonds to finance various capital plant acquisitions, renovations and improvements to existing facilities. The 2005 bond proceeds were used to advance fund earlier bond issues. The university pledged tuition revenues, executed mortgages on properties located at 55 West 13th Street, 2 West 13th Street, 66, 68, and 70 Fifth Avenue, 118 West 13th Street and granted the Dormitory

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Authority a security interest in certain fixtures, furnishings, and equipment therein as collateral for these loans.

The loan agreements require the university to maintain an asset maintenance ratio in which a percentage of unrestricted net assets, excluding net investment in plant, plus temporarily restricted net assets (spendable net assets) to total long-term debt outstanding must be at least 40%. In addition, the loan agreements for all bond series except Series 2010 and 2011 also require that the percentage of the maximum annual scheduled debt service in any year to unrestricted revenues not exceed 10%.

Unamortized bond issuance costs, which are included in the balance sheets as deferred charges and other assets, were \$10,631 and \$10,970 at June 30, 2014 and 2013, respectively.

For the years ended June 30, 2014 and 2013, interest expense totaled \$17,816 and \$6,399, respectively. Interest cost of \$6,218 (net of interest income of \$8) and \$16,964 (net of interest income of \$208) was capitalized to construction projects for the years ended June 30, 2014 and 2013, respectively. At June 30, 2014 and 2013, interest payable included in accounts payable and accrued liabilities was \$10,994 and \$11,078, respectively.

The aggregate fair value of long-term debt was estimated to be approximately \$514,000 and \$447,000 at June 30, 2014 and 2013, respectively. Fair value measurements of long-term debt are based on observable interest rates and maturity schedules that fall within Level 2 of the hierarchy of fair value inputs.

At June 30, 2014, aggregate principal maturities of long-term debt for each of the next five fiscal years and thereafter are as follows:

Fiscal year ending June 30:	
2015	\$ 4,610
2016	4,795
2017	5,930
2018	6,395
2019	6,905
Thereafter	<u>401,055</u>
	\$ <u><u>429,690</u></u>

**(9) Unsecured Line of Credit**

The university established a \$25,000 unsecured line of credit with Bank of America, N.A. in May 2011, renewable annually. No borrowings were made in either fiscal year 2014 or 2013. Amounts borrowed under the credit line are payable within one year with interest payable at a rate equal to LIBOR plus 0.7%. The LIBOR rate is one, two, three or six months as selected by the university. The loan will automatically convert to a prime rate if the university does not select a LIBOR duration at least three business days prior to the date of borrowing.

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**(10) Net Assets**

Net assets consisted of the following at June 30, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Unrestricted net assets:		
For operations and designated activities	\$ 42,645	23,301
Endowment funds	171,719	98,240
Net investment in plant	140,365	118,442
	354,729	239,983
Temporarily restricted net assets:		
Scholarships and departmental activities (including \$47,540 and \$35,950 of endowment appreciation in 2014 and 2013, respectively)	82,777	72,685
Building construction and equipment	1,170	44,496
Split interest agreements	1,734	1,789
	85,681	118,970
Permanently restricted net assets:		
Donor-restricted endowment funds with return for faculty support, student financial aid, and other purposes	80,631	79,672
Contributions receivable	626	640
	81,257	80,312
Total net assets	\$ 521,667	439,265

**(11) Endowment**

The university's endowment is composed of 289 individual funds established for a variety of purposes, including scholarships, professorships, faculty development, lectures, and research programs. The endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds functioning as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The university has interpreted New York's September 2010 enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), referred to as "NYPMIFA," as allowing the appropriation for expenditure or accumulation of an endowment fund as the university determines it prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The university continues to classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments.

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In accordance with NYPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Endowment duration and preservation
- Purpose/mission of the institution and endowment
- General economic conditions
- Effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- The university's total resources
- The university's investment policy
- An asset's special relationship or special value, if any, to the purposes of the university

NYPMIFA allows spending from underwater endowments, unless precluded by donors, but requires that the university consider alternatives to spending such funds in addition to the aforementioned criteria.

The university's individual endowment funds are pooled for investment purposes. The investment portfolio is managed to achieve a prudent long-term return. The university relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The university targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment assets are invested to provide a real total return that preserves the purchasing power of the endowment, while generating an income stream to support the academic activities of the university. Actual returns may vary from this goal in any given year.

The endowment assets are invested in a manner intended to provide an average rate of return, over time, approximating the spending rate plus inflation. Actual returns may vary from this target in any given year.

The university's endowment spending policy is designed to provide a sustainable and predictable flow of funds to support annual operations. The spending policy is intended to balance current spending needs and to preserve the endowment's future purchasing power. The university applies a board specified spending rate to a moving average of endowment investment funds. The purpose of using a moving average is to smooth out any wide fluctuations in the market value. Endowment earnings in excess of the spending rate are added back to the principal of the endowment investments.

Prior to fiscal year 2012, the board specified spending rate was 5%. Beginning with fiscal year 2012, the spending rate was reduced to 4% using a "soft landing" approach. The fiscal 2011 appropriation will be used as the annual appropriation until the investment portfolio increases sufficiently over time to result in an effective 4% spending rate. Thereafter, the 4% spending rate would be applied against the average of the previous 16 quarters' fair value of the endowment portfolio.

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In accordance with the spending rate, \$4,830 and \$4,765, of endowment return was made available in fiscal 2014 and 2013, respectively, to support unrestricted operations of the university.

FASB provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization subject to an enacted version of UPMIFA and requires that net appreciation, if any, on an individual endowment fund be classified as temporarily restricted until appropriated by the organization's governing body.

The following tables present the university's endowment, exclusive of pledges, as of and for the years ended June 30, 2014 and 2013:

		<b>2014</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
	Donor-restricted endowment funds	\$ (253)	47,540	80,631	127,918
	Board-designated endowment funds	171,972	—	—	171,972
	Total endowment net assets	\$ 171,719	47,540	80,631	299,890
		<b>2013</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
	Donor-restricted endowment funds	\$ (597)	35,950	79,672	115,025
	Board-designated endowment funds	98,837	—	—	98,837
	Total endowment net assets	\$ 98,240	35,950	79,672	213,862



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Changes in endowment net assets for the year ended June 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, as of June 30, 2013	\$ 98,240	35,950	79,672	213,862
Dividends and interest, net of investment fees of \$1,254	1,959	2,303	—	4,262
Net investment gain	13,293	14,871	—	28,164
Contributions, net	—	—	959	959
Appropriation for spending	(4,830)	(5,584)	—	(10,414)
Transfer to board-designated funds	63,057	—	—	63,057
Endowment net assets, as of June 30, 2014	<u>\$ 171,719</u>	<u>47,540</u>	<u>80,631</u>	<u>299,890</u>

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, as of June 30, 2012	\$ 95,399	34,615	74,768	204,782
Dividends and interest, net of investment fees of \$528	1,236	1,416	—	2,652
Net investment gain	4,727	4,859	—	9,586
Contributions, net	—	—	4,904	4,904
Appropriation for spending	(4,765)	(4,940)	—	(9,705)
Transfer to board-designated funds	1,643	—	—	1,643
Endowment net assets, as of June 30, 2013	<u>\$ 98,240</u>	<u>35,950</u>	<u>79,672</u>	<u>213,862</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the university to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, the deficiencies of this nature that are reported in unrestricted net assets totaled \$253 and \$597 at June 30, 2014 and 2013, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation from other endowment funds for certain programs that was deemed prudent by the university's Board; the university generally suspends spending endowed funds if spending appropriations, as determined under the spending policy, exceed the accumulated appreciation.

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**(12) Net Assets Released From Restrictions**

Net assets were released from donor restrictions due to the passage of time or by incurring costs satisfying the restricted purposes specified by the donors for fiscal years 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Scholarships and departmental activities	\$ 17,732	15,915
Payments received on pledges	<u>1,613</u>	<u>1,039</u>
Net assets released from restrictions – operating activities	19,345	16,954
Net asset released for capital expenditures – nonoperating activities	<u>43,956</u>	<u>250</u>
Total net assets released from restrictions	<u>\$ 63,301</u>	<u>17,204</u>

**(13) Scholarship Allowance**

Student tuition and fees are presented net of amounts awarded to students to defray their costs of attending the university as follows:

	<u>2014</u>	<u>2013</u>
University support	\$ 87,332	85,647
Sponsored support	<u>7,021</u>	<u>4,775</u>
	<u>\$ 94,353</u>	<u>90,422</u>

University support includes tuition discounts, financial aid, and merit scholarships awarded to students from unrestricted operating resources. Sponsored support includes financial aid and scholarships funded from restricted and external sources, including federal grant programs and private giving.

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**(14) Functional Classification of Expenses**

Expenses are classified on a functional basis with allocation of costs among the functional categories for fiscal years 2014 and 2013 as follows:

Functional expenses	2014				
	Before allocation	Interest	Operation and maintenance of plant	Depreciation	After allocation
Instruction and departmental research	\$ 105,111	5,019	13,593	5,029	128,752
Sponsored research, training, and public services	8,661	47	994	228	9,930
Academic support	46,921	2,626	11,666	4,031	65,244
Student services	23,228	622	2,072	693	26,615
Auxiliary activities	22,522	7,321	2,113	3,794	35,750
Institutional support	46,684	2,181	12,399	3,083	64,347
Operation and maintenance of plant	42,837	—	(42,837)	—	—
Depreciation	16,858	—	—	(16,858)	—
Interest	17,816	(17,816)	—	—	—
Total	<u>\$ 330,638</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>330,638</u>
Functional expenses	2013				
	Before allocation	Interest	Operation and maintenance of plant	Depreciation	After allocation
Instruction and departmental research	\$ 99,713	1,258	13,683	4,085	118,739
Sponsored research, training, and public services	8,081	48	1,067	320	9,516
Academic support	47,242	924	10,584	3,616	62,366
Student services	21,295	98	1,902	695	23,990
Auxiliary activities	24,288	2,921	1,420	1,641	30,270
Institutional support	46,716	1,150	10,890	2,815	61,571
Operation and maintenance of plant	39,546	—	(39,546)	—	—
Depreciation	13,172	—	—	(13,172)	—
Interest	6,399	(6,399)	—	—	—
Total	<u>\$ 306,452</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>306,452</u>

**(15) Fundraising Expenses**

Fundraising expenses of \$4,281 and \$4,425, for the years ended June 30, 2014 and 2013, respectively, are included in institutional support in the accompanying consolidated statements of activities. For the purpose

**THE NEW SCHOOL**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

of disclosing fundraising expenses, the university includes only those fundraising costs incurred by its development office.

**(16) Retirement and Postretirement Health Benefit Plans**

***Retirement Plans***

The university has a defined contribution retirement plan which covers substantially all employees except certain union employees and which is funded through direct payments to the Teachers' Insurance and Annuity Association and/or College Retirement Equities Fund for the purchase of various types of investment contracts. For each eligible employee, the university's contribution is determined as a percentage of salary, taking into account age and length of accrued service. Retirement contributions paid by the university under this plan and charged to expense for fiscal years 2014 and 2013 were \$10,936 and \$10,822, respectively.

***Multi-Employer Plans***

At June 30, 2014, the university participated in four multi-employer defined benefit pension plans that cover certain groups of employees throughout the university, and reflected in the table below. The university makes cash contributions to these plans under the terms of the collective-bargaining agreements that cover their union employees. These groups of employees are also eligible to participate in the university's defined contribution Tax Deferred Annuity Plan.

The zone status reflected in table below is based on information received for the plan sponsors and, as required by the Pension Protection Act (PPA), is certified by each plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The PPA requires a plan sponsor with a zone status of red to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP). Effective April 1, 2011, American Federation of Musicians & Employers' Pension Fund (Local 802) imposed a surcharge of 9% of contributions while the plan is in critical status.

The most recent PPA zone status available for Building Service 32BJ Benefit Funds, Local 802 (AFMEPF), Local 840 Pension Fund and Local 94 Central Pension Fund is June 30, 2013, March 31, 2014, December 31, 2013 and January 31, 2014, respectively.

The university's contribution is also highlighted below followed by the expiration dates of the collective bargaining agreements requiring contributions to the plans.

**THE NEW SCHOOL**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

The percentage of the university's contributions to local 840 Pension Fund as of December 31, 2013 represents 81% of the total contributions to the plan. Building Service 32BJ Benefit Funds, Local 802 (AFMEPF) and Local 94 (Central Pension Fund) contributions were insignificant.

Pension fund	EIN/Pension plan number	Pension protection Act Zone status	FIP/RP Status pending/implemented	Contributions of The New School		Surcharge paid	Expiration date of collective – bargaining agreement	
				June 30 2014	June 30 2013			
Building Service 32BJ Benefit Fund	13-1879376/001	6/30/2013 Red	6/30/2012 Red	Yes	\$ 728	861	No	6/30/2014
AFMEPF (802)	51-6120204/001	3/31/2014 Red	3/31/2013 Red	Yes	119	132	Yes	6/30/2015
Local 840 Pension Fund (1205)	13-6304568/001	12/31/2013 Red	12/31/2012 Red	Yes	662	600	No	6/30/2015
Central Pension Fund (Local 94)	36-6052390/001	1/31/2014 Green	1/31/2013 Green	No	190	17	N/A	12/31/2014

***Postretirement Health Plans***

The university provides certain health care benefits for past and future nonunion full-time employees who have or will retire at 65 years of age with 10 or more years of service. This benefit pays up to \$1,500 per fiscal year for the Medicare Supplement Parts A, B, and D coverage for each eligible person.

The university funds its postretirement benefits costs on a pay-as-you-go basis. As of June 30, 2014 and 2013, the actuarially determined benefit obligation included in accounts payable and accrued liabilities was \$2,790 and \$2,227, respectively.

**(17) Related Party Transactions**

Members of the university's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the university. The university's conflict of interest policy requires, among other things, that no member of the Board of Trustees or its committees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. For members of the Board of Trustees and senior management, the university requires an annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the university. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the university and ensure compliance with relevant conflict of interest laws.

During fiscal 2010, the Board of Trustees approved the engagement of two service firms, associated with trustees, in connection with the University Center construction project. Consistent with the policy discussed above, the decision to engage each of the firms was based on a review and discussion without participation of the interested trustees, with the assistance of real estate consultants and outside counsel, and a determination that such engagement was in the best interest of and provided substantial benefit to the university. Total amounts paid to the two firms during fiscal years 2014 and 2013 were \$1,958 and \$1,331, respectively.

**THE NEW SCHOOL**

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

**(18) Commitments and Contingencies**

The university leases dormitory, classroom, office, student center, and theater space under various leases expiring through the year 2035. Rent expense is recognized on a straight-line basis over the term of the leases. The excess of rent expense accrued on a straight-line basis over rental payments is included in accounts payable and accrued liabilities in the balance sheets and totaled \$14,723 and \$14,059 at June 30, 2014 and 2013, respectively. Rental expense under operating leases for fiscal years 2014 and 2013 was \$23,589 and \$27,884, respectively.

Minimum rental commitments under noncancelable operating leases for each of the next five fiscal years and thereafter are estimated to be paid as follows:

Year ending June 30:		
2015	\$	23,587
2016		22,091
2017		21,269
2018		21,617
2019		20,957
Thereafter		<u>184,266</u>
	\$	<u><u>293,787</u></u>

At June 30, 2014, construction commitments were approximately \$7,728.

Amounts received and expended by the university under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a material effect on the financial position, changes in net assets, and cash flows of the university.

In the normal course of its operations, the university is a party to various legal proceedings and complaints, most of which are covered by insurance. While it is not feasible to predict the ultimate outcome of such matters, management of the university is not aware of any claims or contingencies that would have a material adverse effect on the university's financial position.

**(19) Subsequent Events**

The university evaluated subsequent events after the balance sheet date of June 30, 2014 through October 21, 2014, the date on which the consolidated financial statements were issued and determined that no additional disclosures are required.

**THE NEW SCHOOL**

66 West 12th Street  
New York, NY 10011

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

*Appendix C*

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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 pertaining to the Series 2015A Bonds and the Project. Such summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.*

### **Project Financing**

The Authority agrees to use its best efforts to authorize, issue, sell and deliver the Series 2015A Bonds in the aggregate principal amount sufficient, together with all other money available therefor, to pay (i) for the refunding of the Refunded Bonds and (ii) to pay Costs of Issuance. The proceeds of the Series 2015A Bonds shall be applied as specified in the Series Resolution or the Series Certificate.

*(Section 4)*

### **Construction of the Project**

The Institution represents that, it has completed 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 to such Project.

*(Section 5)*

### **Financial Obligations of the Institution**

(a) Except to the extent that moneys are available therefor under the Resolution, the Series Resolution or the Loan Agreement, including moneys in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Series 2015A Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and interest accrued but unpaid on investments held in the Debt Service Fund, the Institution pursuant to the Loan Agreement unconditionally agrees to pay or cause to be paid, so long as Series 2015A 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 Series 2015A Bonds, the Authority Fee agreed to by the Authority and the Institution in connection with issuance of such Series of Bonds;

(ii) On or before the date of delivery of Series 2015A 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 such Bonds, and other costs in connection with the issuance of such Bonds;

(iii) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6<sup>th</sup>) month immediately preceding the date on which interest on the Series 2015A Bonds, becomes due, one sixth (1/6) of the interest coming due on the Bonds, on the immediately succeeding interest payment date on such Bonds so that on a date one month prior to the succeeding interest payment date sufficient amounts are on deposit to pay interest on such Bonds next coming due; provided, however, that, if with respect to any Series 2015A 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) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July which is twelve (12) months prior to the July 1 on which the principal or a Sinking Fund Installment of the Series 2015A Bonds, if any, becomes due, one twelfth (1/12) of the principal and Sinking Fund Installment on the Series 2015A Bonds coming due on such July 1 so that on the tenth (10th) day of the month prior to

the succeeding principal payment date sufficient amounts are on deposit to pay principal on the Series 2015A Bonds next coming due; provided, however, that, if with respect to Series 2015A Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments, if any, come due on such Series, 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, if any, 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;

(v) At least forty-five (45) days (or such shorter period as the Authority may permit) prior to any date on which the Redemption Price or purchase price of Series 2015A 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;

(vi) On December 10 and June 10 of each Bond Year the amount of Annual Administrative Fee payable on such date as determined in accordance with Schedule B of the Loan Agreement;

(vii) 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 of the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 2015A Bonds or the financing or refinancing 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 Mortgage or of the Resolution in accordance with the terms thereof, and (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

(viii) Promptly upon demand by the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement;

(ix) 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 Series 2015A Bonds or otherwise available therefore 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 Series 2015A Bonds;

(x) To the extent not otherwise set forth in paragraph (a) above, 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 Series 2015A 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 will receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (a)(iv) 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 Series 2015A 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 Series 2015A Bonds of the maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Series 2015A Bonds so delivered.

The Authority directs the Institution under the Loan Agreement, and the Institution agrees under the Loan Agreement, to make the payments required by paragraph (a) above as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(v), (a)(viii) and (a)(x) above directly to the Trustee for deposit and application in accordance with the Resolution; (ii) the payments required by paragraph (a)(ii) above 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)(vi) and (a)(vii) above directly to the Authority; and (iv) except as otherwise provided by this paragraph, the payments required by paragraph (a)(ix) and above to or upon the written order of the Authority.

(b) Notwithstanding any provision in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in the Loan Agreement), all money 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 thereunder first with respect to interest and then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such money is applied by the Trustee for the payment of interest on Outstanding Series 2015A Bonds, and, with respect to the principal of such indebtedness, such money has been applied to, or are held for, payments in reduction of the principal amount of Outstanding Series 2015A Bonds and as a result thereof Series 2015A Bonds have been paid or deemed to have been paid in accordance with the Resolution. Except as otherwise provided in the Resolution, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Series 2015A Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Series 2015A 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 Bondholder 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 Series 2015A Bonds or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund established for such Project.

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 thereby. The Institution shall notify the Authority as to the amount and date of each payment made to the Trustee by the Institution.

(e) The Authority shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to the Loan Agreement which has not been made by the Institution when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the provisions of the Loan Agreement summarized below under the caption "Defaults and Remedies" 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 there is not then an Event of 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 Series 2015A Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any payment made pursuant to the provisions summarized below under the caption “*Sale of the Project or Mortgaged Property*”, the Authority agrees to direct the Trustee to purchase or redeem Series 2015A Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution 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 Series 2015A Bonds Outstanding, or to pay or provide for the payment of all Series 2015A Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Series 2015A Bonds Outstanding, or to cause all Series 2015A Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) If the Institution elects to purchase Series 2015A Bonds, with the written consent of the Authority, the Institution shall give written notice to the Authority and the Trustee whenever Series 2015A Bonds are to be purchased at the election of the Institution, which written notice shall include the maturity and principal amount of the Series 2015A Bonds to be so purchased. All such purchases shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for each such purchase.

*(Section 9)*

### **Security Interest in Pledged Revenues**

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does by the Loan Agreement 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, if any.

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, if any, and the liens, pledges or security interests securing outstanding Parity Indebtedness, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution’s performance thereunder. The Institution agrees that, except in connection with the incurrence of Parity Indebtedness (as defined in the Resolution), 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 this Section.

*(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 Resolution all Pledged Revenues and any other money which is required to be paid to the Trustee (other than the amounts subject to the Prior Pledges, if any) 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 and (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on 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 paragraph (b)(v) under the caption “*Defaults and Remedies*” below in this Appendix C, 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 Resolution any payments received by the Institution with respect to the Pledged Revenues and any other moneys which are required to be paid to the Trustee (other than such amounts as are subject to the Prior Pledges, if any).

(b) Notwithstanding anything to the contrary in paragraph (a) above, in the event that, on or prior to the date on which a payment is to be made pursuant to paragraph (a) under the heading “*Financial Obligations of the Institution*” above 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 this Section 12 or paragraph (b)(v) under the heading “*Defaults and Remedies*” below shall be free and clear of the security interest granted hereby and may be disposed of by the Institution for any of its corporate purposes provided that no Event of Default under 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)

### **Mortgage; Lien on Fixtures**

At or before the delivery by the Authority of the Series 2015A Bonds, the Institution shall execute and deliver to the Authority the Mortgage, in recordable form, acceptable to the Authority, mortgaging the Mortgaged Property, which Mortgage shall constitute a first lien on the Mortgaged Property, subject only to the Permitted Encumbrances.

Prior to any assignment of the Mortgage to the Trustee, the Authority, without the consent of the Trustee or the Holders of Series 2015A Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with the Mortgaged Property, including but not limited to an amendment or modification to reflect the terms of additional Bonds issued under the Resolution, and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, the Authority may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Series 2015A Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Mortgaged Property provided that, if the fixtures so removed is of any material value, the Institution shall substitute equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

### **Consent to Pledge and Assignment**

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority’s rights to receive any and all of the payments required to be made pursuant to the provisions summarized above in paragraph (a) under the caption “*Financial Obligations of the Institution*”, (ii) 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 Section 11 of the Loan Agreement summarized above under the caption “*Security Interest in Pledged Revenues*”, the Mortgage, and any security interest in the fixtures, furnishings and equipment located on the Mortgaged Property, and (iii) all funds and accounts established by the 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 in the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The 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 obligations to make all payments required under the Loan Agreement and to performing all other obligations required to be performed by the Institution pursuant to the Loan Agreement. Any realization

upon the Mortgage or security interest in the Pledged Revenues granted in accordance with the provisions of the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution pursuant thereto.

*(Section 15)*

### **Tax-Exempt Status of the 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; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code, except for the payment of unrelated business income tax. 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 Series 2015A Bonds from federal gross income pursuant to Section 103 of the Code.

*(Section 17)*

### **Use and Possession of the Project; Restrictions on Religious Use**

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

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; and 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 or refinanced by the Series 2015A 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.

*(Sections 21 and 22)*

### **Sale of the Project or Mortgaged Property**

The Institution covenants in the Loan Agreement that it will not transfer, sell, lease or convey the Project or the Mortgaged Property or any part thereof or interest therein, including development rights, without the prior approval of the Authority, and in the opinion of Bond Counsel, the same will not adversely affect the exclusion of interest on any Series 2015A Bonds from gross income for federal income tax purposes. As a condition to such consent the Authority may require that the Institution pay to the Trustee either for deposit into the Debt Service Fund, or, pursuant to the Resolution, to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority, 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 Resolution of Outstanding Series 2015A Bonds required to be redeemed or deemed paid in order to preserve the exclusion of interest on the Series 2015A 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 Series 2015A 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 Series 2015A Bonds issued. The Institution may remove equipment, furniture or fixtures that is part of the Project or the Mortgaged Property and was financed with the proceeds of the Series 2015A Bonds provided that (x) the Institution substitutes for such equipment, furniture or fixtures additional equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced, and (y) in the opinion of Bond Counsel, such removal will not adversely affect the exclusion of interest on the Series 2015A Bonds from gross income for federal income tax purposes.

*(Sections 23)*

### **Maintenance, Repair and Replacement**

The Institution agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project and the Mortgaged Property in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition, reasonable wear and tear expected, and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project and the Mortgaged Property may be properly and advantageously conducted. The Institution shall give the Authority not less than fifteen (15) days prior written notice of its intention to make a change or alteration that materially alters the scope or nature of the Project or the Mortgaged Property or a portion thereof.

The Institution shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project and the Mortgaged Property which may have been financed or refinanced with the proceeds of the sale of the Series 2015A Bonds provided (x) the Institution substitutes for any such removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced, and (y) in the opinion of Bond Counsel, such removal will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

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

*(Section 24)*

### **Covenant as to Insurance**

The Institution agrees to maintain or cause to be maintained insurance with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the 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 laws of the State.

The Institution shall furnish to the Authority annually a report of an Insurance Consultant that the insurance coverage maintained by the Institution is adequate and in accordance with the standards above and any certificates of workers' compensation insurance and disability benefits insurance coverage required by the New York State Workers' Compensation Board.

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.

In the event the Institution fails to provide the insurance required by the first paragraph of this Section 25, the Authority may elect at any time thereafter to procure and maintain the insurance required by such Section at the expense of the Institution. The policies procured and maintained by the Authority shall be open to inspection by the Institution at all reasonable times, and, upon request of the Institution, a complete list describing such policies as of the June 30th preceding the Authority's receipt of such request shall be furnished to the Institution by the Authority.

*(Section 25)*

### **Reporting Requirements; Access to Records**

The Institution shall furnish or cause to be furnished to the Authority, the Trustee and the Provider or such other persons as the Authority may designate and, with respect to the items set forth in subparagraphs (i) and (ii) below, the Municipal Securities Rulemaking Board, as such term is defined in the Continuing Disclosure Agreement, to which the Institution is a party:

(i) annually, within one hundred twenty (120) days after the end of the Institution's Fiscal Year, (A) a copy of the annual audited financial statements of the Institution for such Fiscal Year, including therein without limitation, a balance sheet as of the end of such Fiscal Year, a statement of changes in net assets and a statement of activities for such Fiscal Year or such other financial statements then required in accordance with generally accepted accounting principles applicable to the Institution, audited by a firm of independent public accountants of recognized standing as may be reasonably acceptable to the Authority, (B) a copy of any management letter prepared by the auditors, (C) a certificate or other instrument signed by an Authorized Officer of the Institution stating whether an Event of Default, or, to the best of the Authorized Officer's knowledge, an event that, with the giving of notice or the passage of time, or both, would constitute such an Event of Default, has occurred and is continuing, and, if such an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof, and (D) if such an Event of Default or such an event has occurred and is continuing, a certificate of an Authorized Officer of the Institution setting forth the action that the Institution proposes to take with respect thereto;

(ii) prompt written notice, but in no event more than thirty (30) days after commencement, of any adverse litigation (A) seeking damages in excess of the applicable insurance coverage or (B) in which an adverse determination may have a material adverse effect on the combined financial or operating condition of the Institution;

(iii) prompt written notice of any pending formation, acquisition, merger, consolidation, change in ownership or dissolution of or by the Institution and, within ten (10) days after any of the foregoing become effective;

(iv) such reports with respect to the condition of, and repairs, replacements, renovations, and maintenance, to the Project or the Mortgaged Property as the Authority may from time to time reasonably request; and

(v) such other information respecting the business, property or the condition or operations, financial or otherwise, of the Institution as the Authority may from time to time reasonably request (other than information the Institution is required by law to keep confidential), including, but not limited to, such information as, in the reasonable judgment of the Authority, may be necessary in order to ensure compliance with applicable federal securities laws in effect from time to time or to maintain a market for or enable securities dealers to offer the Series 2015A Bonds for sale.

At any and all reasonable times and from time to time, permit the Authority and the Trustee, or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account (other than those books and records that by law must be treated as confidential) of, and visit the properties of the Institution and to discuss the affairs, finances and accounts of the Institution with any of their respective officers.

(Section 28)

### Defaults and Remedies

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

(i) the Institution shall default in the timely payment of any amount payable pursuant to Section 9 of the Loan Agreement summarized above under the caption “*Financial Obligations of the Institution*” 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

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

(iii) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any other Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Series 2015A Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof; or

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

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

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

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

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

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

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

(xi) a final judgment for the payment of money which is not covered by insurance or reserves set aside by the Institution, which in the judgment of the Authority will adversely affect the rights of the Holders of the Series 2015A Bonds shall be rendered against the Institution and at any time after sixty (60) days from the entry thereof, (A) such judgment shall not have been discharged or paid, or (B) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within sixty (60) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

(xii) the Institution shall be in default under the Mortgage and such default continues beyond any applicable grace period; or

(xiii) the Institution shall be in default on any Parity Indebtedness and as a consequence thereof such Parity Indebtedness has been or is capable of being declared immediately due and payable.

(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 the Series 2015A Bonds or the Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following

actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money 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 Series 2015A 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 Series 2015A 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 money 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 or waived; (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 to the extent applicable 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 by the Loan Agreement, (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 any 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) to the extent applicable, (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (2) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of such Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions of this subparagraph (vi) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the Institution to the

Authority upon demand. The Institution, pursuant to the Loan Agreement, irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to the Authority by this subparagraph during the term of the Loan Agreement;

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

(viii) realize upon any security interest in the fixtures, furnishings and equipment, including any one or more of the following actions: (i) enter the Project or Mortgaged Property and take possession of any such fixtures, furnishings and equipment; or (ii) sell, lease or otherwise dispose of any such fixtures, furnishings and equipment either together with a sale, lease or other disposition of the Mortgaged Property pursuant to the Loan Agreement or to the Mortgage, or separately, whether or not possession has been secured; provided, however, that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in a commercially reasonable manner and upon five (5) days' prior written notice to the Institution of the time and place of such sale.

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

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made or action taken pursuant to the Loan Agreement and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

*(Section 31)*

### **Termination**

The Loan Agreement shall remain in full force and effect until no Series 2015A Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; provided, however, that the liabilities and the obligations of the Institution to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to the Loan Agreement shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of its duties under the Loan Agreement, and the release or surrender of any security interests granted by the Institution to the Authority pursuant the Loan Agreement.

*(Section 45)*

### **Financial Covenants**

(1) Asset Maintenance Ratio.

(a) The Institution covenants that as of each Testing Date the Asset Maintenance Ratio will be at least .40; *provided, however*, that Dormitory Debt related to a Dormitory Facility shall be excluded from the calculation of the Asset Maintenance Ratio calculated on any Testing Date if either:(x) the Testing Date is on or prior to June 30 of a Fiscal Year that commenced during the Start-up Period for such Dormitory Facility, or (y) the average Dormitory Debt Service Coverage Ratio for such Dormitory Debt was at least 1.10 for each Fiscal Year for which audited financial statements are then available next preceding the Testing Date and that commenced after the Start-up Period, but for not more than the three most recent Fiscal Years.

(b) The Institution covenants that, if on any June 30 Testing Date the Asset Maintenance Ratio, is less than the required Asset Maintenance Ratio, it will prepare and submit to the Authority a report setting forth actions proposed to be taken by the Institution that are projected to restore by the succeeding June 30 Testing Date the required Asset Maintenance Ratio and diligently proceed to implement such actions.

(c) Notwithstanding the foregoing, if on any Testing Date the Asset Maintenance Ratio is less than .40 then, for purposes of the preceding two paragraphs, the Institution shall have the next ten successive Testing Dates to report an Asset Maintenance Ratio of at least .40, provided that on no such Testing Dates shall the Asset Maintenance Ratio be less than .30.

(2) Additional Indebtedness.

(a) The Institution covenants that it will not incur any Long-Term Indebtedness without obtaining the Authority's written consent thereto unless the Institution delivers or causes to be delivered to the Authority: (i) a certificate of the chief financial officer of the Institution or a report of a firm of independent, certified public accountants or of a Management Consultant demonstrating that on the June 30 Testing Date of the most recent Fiscal Year for which audited financial statements are available the Asset Maintenance Ratio was not less than the then required Asset Maintenance Ratio, and (ii) if such Long-Term Indebtedness is classified as Dormitory Debt, a certificate of an Authorized Officer to the effect that such Long-Term Indebtedness is Dormitory Debt and that after giving effect to the incurrence of such Dormitory Debt the aggregate principal amount of Dormitory Debt incurred by the Institution does not exceed \$80,000,000.

(b) Notwithstanding any other provision of the Loan Agreement to the contrary, the Institution may, subject to the conditions set forth in the preceding paragraph, incur Long-Term Indebtedness secured by a lien on the Pledged Revenues or a mortgage on any Mortgaged Property that is of equal priority with the lien on the Pledged Revenues or the Mortgages on Mortgaged Property securing the Institution's obligations under the Loan Agreement if an intercreditor agreement has been executed by and between the Authority, the Trustee and the creditor under such Long-Term Indebtedness in form and substance acceptable to the Authority and the Trustee.

(3) Reporting Requirements. The Institution covenants that it will, within the later of (x) 120 days after the end of each Fiscal Year and (y) 30 days after the Institution's audited financial statements for such Fiscal Year are available, file with the Authority a certificate of an Authorized Officer to the effect that, based upon such audited financial statements, the Institution maintained the required Asset Maintenance Ratio and, if such Fiscal Year begins at least 24 months after the date Dormitory Debt was incurred for a Dormitory Facility, stating the Dormitory Debt Service Ratio for such Fiscal Year for such Dormitory Debt.

(4) Lock-Box Upon Default.

(a) The Institution covenants that upon the request of the Authority made after an Event of Default under the Loan Agreement has occurred as a result of a failure of the Institution to timely make certain payments, it will until such Event of Default is cured deposit the Pledged Revenues, as and when received, into a "lock-box" account to be held by a person selected by the Authority. If the lock-box arrangement is implemented, the Institution will be allowed to make withdrawals from the account for expenses set out in a budget approved by the Authority, but any other material withdrawals from the account will require approval of the Authority. Any surplus funds in the lock-box account at the end of the Fiscal Year will be transferred to the Institution.

(b) The Institution covenants that if on any two consecutive June 30 Testing Dates, the Asset Maintenance Ratio is less than the then required Asset Maintenance Ratio, it will upon the request of the Authority comply with the provisions of paragraph (a) above and continue to comply therewith until the Asset Maintenance Ratio required is on any subsequent June 30 Testing Date at least .40.

(5) Effect of Defaults.

A failure to comply with the required Asset Maintenance Ratio described above in paragraph (1) shall not constitute an Event of Default under the Loan Agreement unless (i) on two consecutive June 30 Testing Dates the Asset Maintenance Ratio is less than the then required Asset Maintenance Ratio described above in paragraph (1)(a), and the Institution fails to duly and punctually deposit Pledged Revenues in a “lock-box”, as described in paragraph (4) above; or (ii) the Institution fails to duly and punctually comply with the provisions described above in paragraph (1)(b) and such failure continues for 30 days after written notice thereof shall have been given to the Institution by the Authority or an Insurer; *provided, however*, that if such failure cannot be cured within such 30 period, but can be cured by appropriate action, it shall not constitute an Event of Default under the Loan Agreement if the Institution within such 30 day period initiates corrective action and thereafter diligently pursues the same.

*(Schedule A of the Loan Agreement)*



**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

*Appendix D*

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## **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

*The following is a brief summary of certain provisions of the Resolution pertaining to the Bonds and the Project. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used but not defined herein shall have the meanings ascribed to them in Appendix A.*

### **Contract with Bondholders**

It is the intent of the Resolution to authorize the issuance by the Authority, from time to time, of its The New School Revenue Bonds in one or more Series of Bonds, each such Series to be authorized by a separate Series Resolution, inter alia, to be separately secured from each other 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 such Bonds of a Series, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution and a Series Resolution.

*(Section 1.03)*

### **Refunding Bonds and Additional Obligations**

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds, one or more Series of Outstanding Bonds, a portion of a Series of Outstanding Bonds or a portion of a maturity of a Series of Outstanding Bonds or one or more notes or bonds of the Authority, which may include interest thereon, all or a portion of the proceeds of which were applied to making one or more loans to the Institution. The Authority may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other money available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Resolution and of the Series Resolution authorizing such Series of Refunding Bonds. The proceeds, including accrued interest, of Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or as determined in accordance with the Series Resolution authorizing such Refunding Bonds or the Bond Series Certificate relating to such Series of Refunding Bonds.

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

*(Sections 2.04 and 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 Pledged Revenues and, except as otherwise provided in Section 5.02 of the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund and any fund established for the repayment of funds drawn under a Credit Facility or Liquidity Facility, are pursuant to the Resolution, subject to the adoption of a Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments and Redemption Price of and interest on such Series of Bonds, all in accordance with the provisions of the Resolution and Series Resolution. The pledge made in 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 in 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, which are pledged by the Resolution as provided in the Resolution, and which pledge shall constitute a first lien thereon, subject, with respect to the applicable Pledged Revenues, only to the Prior Pledges and any existing or future liens securing Parity Indebtedness.

*(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;  
Debt Service Reserve Fund, if applicable; and  
Arbitrage Rebate Fund.

In addition to the accounts and subaccounts, if any, required to be established by the Resolution or any Series Resolution, or any Bond Series Certificate, the Authority may for purposes of internal accounting establish such other accounts and subaccounts as the Authority or the Trustee deems proper, necessary or desirable.

All money at any time deposited in any fund, account or subaccount created and pledged by the Resolution or 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 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)*

#### **Application of Bond Proceeds and Allocation Thereof**

Upon the receipt of the 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 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)*

## **Deposit and Allocation of Revenues**

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

First: To the applicable 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 applicable 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 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 of a Series theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding January 1, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum and (b) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding July 1, plus accrued interest thereon to the date of purchase or redemption;

Second: In the event the applicable Debt Service Reserve Fund, if any, is funded without a Reserve Fund Facility such amount as shall be necessary to make the amount on deposit in such fund equal to the applicable Debt Service Reserve Requirement, or in the event that the applicable Debt Service Reserve Fund, if any, is funded with a Reserve Fund Facility to reimburse, pro rata, each Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider to replenish the applicable Debt Service Reserve Fund to its Debt Service Reserve Requirement, pro rata, in proportion to the amount the respective Provider Payments then unpaid to each Reserve Fund Facility Provider and the amount of the deficiency in the applicable Debt Service Reserve Fund bears to the aggregate amount of Provider Payments then unpaid and deficiencies in the applicable Debt Service Reserve Fund;

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

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 the Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the applicable Loan Agreement or any applicable 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 then 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. Any amounts paid to the Institution

shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

*(Section 5.05)*

### **Debt Service Fund**

The Trustee shall on or before the Business Day preceding each interest payment date pay to itself and any other Paying Agents out of each Debt Service Fund: (a) the interest due and payable on all Outstanding Bonds of a Series on such interest payment date; (b) the principal amount due and payable on such interest payment date on all Outstanding Bonds of a Series; and (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds of a Series on such interest payment date. The amounts paid out pursuant to Section 5.06 of the Resolution shall be irrevocably pledged to and applied to such payments.

Notwithstanding paragraph (a) of Section 5.06 of the Resolution, the Authority may, at any time subsequent to July 1 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 money 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. In addition, the Institution pursuant to the Loan Agreement may deliver, at any time subsequent to July 1 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, to the Trustee for cancellation one or more Term Bonds of the Series and maturity to be so redeemed on such date from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond so delivered to the Trustee in accordance with the Resolution 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.

Money 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 interest payment date, 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 money 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 Resolution, at the Redemption Prices specified in the applicable 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**

The Debt Service Reserve Fund, if any, established for a Series of Bonds pursuant to a Series Resolution shall be maintained in accordance with the terms of such Series Resolution or the related Bond Series Certificate.

*(Section 5.07)*

### **Arbitrage Rebate Fund**

The Trustee shall deposit to the Arbitrage Rebate Fund for each Series any money 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, money on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as set forth in such directions.

Money on deposit in each 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. Money which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall, first, be applied to reimburse pro rata, each Provider for money advanced under a Credit Facility or a Liquidity Facility, including interest thereon, which is then unpaid in proportion to the respective amounts advanced by each Provider, and, then be deposited to any fund or account established under the Resolution in accordance with the directions of such Authorized Officer.

*(Section 5.08)*

### **Application of Money in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions of the Resolution, if at any time 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 on which all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of the Outstanding Bonds of a Series 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 Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

*(Section 5.09)*

### **Investment of Funds and Accounts**

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.

In lieu of the investments of money in obligations authorized, 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 set forth in the Resolution, provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person.

Permitted Investments purchased 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.

In computing the amount in any fund or account held by the Trustee, Permitted Investments shall be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in any Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest.

Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in Section 6.02. 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 on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of the Resolution. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

No part of the proceeds of 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 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 such Series on the proceeds from the sale of such Bonds, the applicable Revenues, the Authority’s security interest in the Pledged Revenues, the Mortgages, the rights of the Authority to receive payments to be made under the applicable Loan Agreement that are to be deposited with the Trustee or the funds and accounts established by the Resolution and by such Series Resolution that are pledged by the Resolution other than, with respect to the Pledged Revenues, the Prior Pledges and any existing or future liens to secure Parity Indebtedness; provided, however, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution and by a Series 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 of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution. Nothing in Section 7.06 of the Resolution is intended to prevent the creation of a parity lien on the Pledged Revenues as otherwise provided in the Resolution.

*(Section 7.06)*

### **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 in any material respect the interest of the Holders of Outstanding Bonds of the applicable Series to which such Loan Agreement relates 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 such Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to Section 7.11 of the Resolution by the Holders of Bonds shall, except as otherwise provided in such Section, be given in the same manner required by Article X of the Resolution.

A Loan Agreement may be amended, changed, modified or altered (i) without the consent of the Trustee or the Holders of the applicable Outstanding Bonds, 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 such 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 Section 7.11 of the Resolution, a 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 Section 7.11 of the Resolution, 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 Section 7.11 of 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 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 or remarketing memorandum or other offering document prepared in connection with the initial offering, reoffering or resale of the Bonds of such Series.

For the purposes of Section 7.11 of the Resolution, a Series 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 Section 7.11 of the Resolution, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee, 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)*

#### **Modification and Amendment Without Consent**

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 and a Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution and Series Resolution, of the Revenues or of any other money, 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 any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions; or

(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 Holders of a Series in any material respect.

*(Section 9.01)*

### **Supplemental Resolutions Effective With Consent of Bondholders**

The provisions of the Resolution and 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 Bondholders of the applicable Series 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.

*(Section 9.02)*

### **Powers of Amendment**

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution or of any Series Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as set forth in the provision of the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds of a Series Outstanding 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 particular 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 the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of Section 10.01 of the Resolution, a Series shall be deemed to be affected by a modification or amendment if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of 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 Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

*(Section 10.01)*

### **Consent of Bondholders**

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 10.01 of the Resolution to take effect when and as provided in such Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders 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 in Section 10.01 of 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 Section 10.01 of the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in Section 10.01 of the Resolution. 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 Section 13.01 of 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 Section 13.01 of 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 a Bondholder shall be binding upon the Bondholder giving such consent and, anything in Section 13.01 of the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds of a Series issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in Section 10.01 of the Resolution provided for 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 such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive 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 a Series and will be effective as provided in Section 10.01 of the Resolution, shall be given to such Bondholders by 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 Bonds of such Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in Section 10.01 of 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 Section 10.01 of 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 all Bonds of such Series 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 Article X 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 Section 10.01 or Section 10.03 of 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 by the Authority.

*(Section 10.02)*

### **Modifications by Unanimous Consent**

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

*(Section 10.03)*

### **Consent of Provider**

Whenever by the terms of Article X of the Resolution, the consent of any of the Holders of the Bonds of a Series to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each applicable Provider has been obtained. No modification or amendment of the Resolution which adversely affects a Provider shall be, if any, made without the written consent thereto of the Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each applicable Provider, if any, by mail at the times and in the manner provided in the Resolution with respect to notices thereof required to be given to the Holders of the Bonds of a Series. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Series Resolution or Supplemental Resolution and of the effectiveness thereof.

*(Section 10.04)*

### **Events of Default**

Each of the following constitutes an “event of default” under the Resolution and a Series Resolution if:

(a) With respect to a Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any Bond shall not be made by the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) With respect to a Series of Bonds, payment of an installment of interest on any Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to a Series of Bonds, the Authority shall fail to duly and punctually perform 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 thereon 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 fail to duly and punctually perform any other of the covenants, conditions, agreements and provisions contained in the Resolution or in such Bonds 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 percent (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 to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; or

(e) With respect to a Series of Bonds, the Authority shall have notified the Trustee that an “Event of Default”, under a Loan Agreement, as such term is defined in such Loan Agreement, shall have occurred and be 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 (other than under paragraph (c) of the provision of the Resolution summarized above under the caption “*Event of Default*”), then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of a Series shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of such Series to be immediately due and payable. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds or a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of the Bonds of such 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 event of default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds of such Series not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money 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) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under each Series Resolution (other than principal amounts payable only because of a declaration and acceleration under Section 11.03 of 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 event of default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution, the Series Resolution or in such Bonds (other than an event of default relating to the payment of the principal of such Bonds then due only because of a declaration under Section 11.03 of the Resolution) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent event of default or impair any right consequent thereon.

*(Section 11.03)*

## **Enforcement of Remedies**

Upon the happening and continuance of any event of default, then and in every such case, the Trustee may proceed, and, upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution regarding indemnification of the Trustee), to protect and enforce its rights and the rights of the Holders of the Bonds under the laws of the State or under the Resolution or under the applicable Series Resolution 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 a Series Resolution or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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 the Bonds of a Series, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under 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 and 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 money adjudged or decreed to be payable.

*(Section 11.04)*

## **Priority of Payments After Default**

If at any time the money 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 money together with any money 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 first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying 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 money 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;

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 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 by or pursuant to a Series Resolution, if the principal of all of the Bonds of a Series has become or been declared due and payable, all such money 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 Bond of such Series, 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.

Whenever money is to be applied by the Trustee pursuant to the provisions of Section 11.05 of the Resolution, such money 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 money available for application and the likelihood of additional money becoming available for such application in the future. The setting aside of such money in trust for application in accordance with Section 11.05 of the Resolution shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder of a Series or to any other person for any delay in applying any such money 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 money, 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)*

### **Termination of Proceedings**

In case any proceedings commenced by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, each applicable Provider, the Institution and the Bondholders of such Series shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been commenced.

*(Section 11.06)*

### **Bondholders' Direction of Proceedings**

Anything in the Resolution to the contrary notwithstanding, the Holders of 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 be in accordance with law or the provisions of the Resolution and of such Series Resolution and 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 a Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other

remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds of a Series secured by the Resolution and 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 Series Resolution or to enforce any right under the Resolution and a Series Resolution except in the manner provided in the Resolution and a Series 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**

If the Authority shall pay or cause to be paid to the Holders of the 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 money and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all money or 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 applicable Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to such 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. The 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.

Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money 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 preceding paragraph. All Outstanding Bonds of any Series or any maturity within such Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (a) in case any of such 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, (b) there shall have been on deposit with the Trustee 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, together with the money, 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 such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee shall have received the written consent to such defeasance of each applicable Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Provider, and (d) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with Section 12.01 of the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with



Section 12.01 of the Resolution in the manner provided in the Resolution. Neither the Defeasance Securities nor money deposited with the Trustee pursuant to Section 12.01 of the Resolution nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; *provided, however*, that any money 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 such Bonds on and prior to such redemption date or maturity date thereof, 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 money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each 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 money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

For purposes of determining whether Variable Interest Rate Bonds of a Series shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of money, or Defeasance Securities and money, if any, in accordance with clause (b) of the preceding paragraph, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (b) of the preceding paragraph, 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 applicable Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each 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 money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

Option Bonds of a Series shall be deemed to have been paid in accordance with the second paragraph of Section 12.01 of the Resolution only if, in addition to satisfying the requirements of clauses (a) and (b) above, there shall have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the second paragraph of Section 12.01 of the Resolution, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of Section 12.01 of the Resolution. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option

Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each 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 money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee 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 money were held by the Trustee at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee, after such date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged and the Holders shall look only to the Authority for payment of such Bonds; *provided, however*, that, before being required to make any such payment to the Authority, the Trustee may, at the expense of the Authority cause to be published in an Authorized Newspaper a notice that such money remains 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 money then unclaimed shall be returned to the Authority.

*(Section 12.01)*

**FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL**

*Appendix E*

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**PROPOSED FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL**

**FORM OF APPROVING OPINION OF HAWKINS DELAFIELD & WOOD LLP,  
CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2015A BONDS**

Upon delivery of the Series 2015A Bonds, Hawkins Delafield & Wood LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

HAWKINS DELAFIELD & WOOD LLP  
ONE CHASE MANHATTAN PLAZA  
NEW YORK, NEW YORK 10005

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

Ladies and Gentlemen:

We, as Co-Bond Counsel to the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic of the State of New York (the “State”), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the “Dormitory Authority Act”), have examined a record of proceedings relating to the issuance of the Authority’s \$124,290,000 aggregate principal amount of The New School Revenue Bonds, Series 2015A (the “Series 2015A Bonds”).

The Series 2015A Bonds are issued under and pursuant to the Dormitory Authority Act and The New School Revenue Bond Resolution adopted by the Authority October 27, 2010 (the “Bond Resolution”), as supplemented by the Series 2015A Resolution Authorizing Up To \$440,000,000 The New School Revenue Bonds adopted by the Authority on March 11, 2015 (the “Series 2015A Resolution”). The Bond Resolution and the Series 2015A Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2015A 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 2015A 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 2015A Bonds, the Revenues and all funds and accounts established by the Series 2015A 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 2015A 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 2015A 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 2015A Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2015A Bonds.

5. The Loan Agreement dated as of March 11, 2015 (the "Loan Agreement"), between the Authority and The New School (the "University"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Under existing statutes and court decisions, (i) interest on the Series 2015A 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 2015A 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. For any Series 2015A Bonds having original issue discount ("OID"), OID that has accrued and is properly allocable to the owners of such Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2015A Bonds.

7. Under existing statutes, interest on the Series 2015A 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).

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2015A Bonds in order that interest on the Series 2015A 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 2015A 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 2015A 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. In rendering the opinion in paragraph 6, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the University and others in connection with the Series 2015A Bonds, and we have assumed compliance by the Authority and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015A Bonds from gross income under Section 103 of the Code. In addition, we have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2015A Bonds. We render this opinion under existing statutes and court decisions as

of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2015A Bonds, or the exemption from personal income taxes of interest on the Series 2015A Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2015A 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 2015A Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

FORM OF APPROVING OPINION OF BRYANT RABBINO LLP,  
CO-BOND COUNSEL TO THE AUTHORITY FOR THE SERIES 2015A BONDS

Upon delivery of the Series 2015A Bonds, Bryant Rabbino LLP, Co-Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

BRYANT RABBINO LLP  
1180 AVENUE OF THE AMERICAS, SUITE 610  
NEW YORK, NEW YORK 10036

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

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic of the State of New York (the "State"), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the "Dormitory Authority Act"), in connection with the issuance of \$124,290,000 aggregate principal amount of The New School Revenue Bonds, Series 2015A (the "Series 2015A Bonds") of the Authority. In such capacity, we have examined such laws and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2015A Bonds are authorized to be issued in accordance with and pursuant to the Constitution and the laws of the State including the Dormitory Authority Act and The New School Revenue Bond Resolution adopted by the Authority October 27, 2010 (the "Bond Resolution"), as supplemented by the Series 2015A Resolution Authorizing Up To \$440,000,000 The New School Revenue Bonds adopted by the Authority on March 11, 2015 (the "Series 2015A Resolution"). The Bond Resolution and the Series 2015A Resolution are herein collectively referred to as the "Resolutions." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2015A 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 2015A 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 2015A Bonds, the Revenues and all funds and accounts established by the Series 2015A 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 2015A 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 2015A 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 2015A Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2015A Bonds.

5. The Loan Agreement dated as of March 11, 2015 (the "Loan Agreement"), between the Authority and The New School (the "University"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Under existing statutes and court decisions, (i) interest on the Series 2015A 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 2015A 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. For any Series 2015A Bonds having original issue discount ("OID"), OID that has accrued and is properly allocable to the owners of such Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2015A Bonds.

7. Under existing statutes, interest on the Series 2015A 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).

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2015A Bonds in order that interest on the Series 2015A 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 2015A 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 2015A 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. In rendering the opinion in paragraph 6, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the University and others in connection with the Series 2015A Bonds, and we have assumed compliance by the Authority and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015A Bonds from gross income under Section 103 of the Code. In addition, we have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2015A Bonds. We render this opinion under existing statutes and court decisions as

of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2015A Bonds, or the exemption from personal income taxes of interest on the Series 2015A Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2015A 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 2015A Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,





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