



\$47,910,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK INSTITUTE OF TECHNOLOGY REVENUE BONDS
SERIES 2016A (FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

Payment and Security: The New York Institute of Technology Revenue Bonds, Series 2016A (the “Series 2016A 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 July 20, 2016, between New York Institute of Technology (the “Institute”) and DASNY, and (ii) all funds and accounts established in connection with the Series 2016A Bonds. The Series 2016A Bonds are to be issued under DASNY’s New York Institute of Technology Revenue Bond Resolution, adopted July 20, 2016 (the “Resolution”), the Series Resolution authorizing the Series 2016A Bonds, adopted July 20, 2016 (the “Series 2016A Resolution”) and the Bond Series Certificate, dated as of August 11, 2016, relating to the Series 2016A Bonds (the “Series 2016A Bond Series Certificate”). The Resolution, the Series 2016A Resolution and the Series 2016A Bond Series Certificate are collectively referred to herein as the “Resolutions.”

The Loan Agreement is a general obligation of the Institute and requires the Institute to pay, in addition to the fees and expenses of DASNY and Manufacturers and Traders Trust Company, as trustee (the “Trustee”), amounts sufficient to pay, when due, the principal and Redemption Price of and interest on the Series 2016A Bonds. The obligations of the Institute to make such payments under the Loan Agreement will be secured by a pledge of certain revenues and a mortgage on certain property of the Institute (the “2016A Mortgage”). See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS.”

The Series 2016A Bonds will not be a debt of the State of New York (the “State”) and the State will not be liable on the Series 2016A Bonds. DASNY has no taxing power.

Description: The Series 2016A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2016A Bonds will bear interest at the rates and pay interest and mature at the times shown on the inside cover hereof.

Interest (due January 1, 2017 and each July 1 and January 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2016A 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 2016A Bonds, by wire transfer to the holder of such Series 2016A 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 2016A Bonds will be payable at the principal corporate trust office of 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 2016A Bonds, by wire transfer to the holder of such Series 2016A Bonds as more fully described herein.

The Series 2016A 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 2016A Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2016A Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2016A 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 2016A BONDS – Book-Entry Only System” herein.

Redemption or Purchase: *The Series 2016A Bonds are subject to redemption or purchase in lieu of optional redemption prior to maturity as more fully described herein.*

Tax Matters: Interest on the Series 2016A Bonds is included in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Nixon Peabody LLP and Drohan Lee LLP, as Co-Bond Counsel, are of the opinion that under existing statutes, interest on the Series 2016A 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 and the City of Yonkers). See “PART 12 – TAX MATTERS” herein regarding certain other tax considerations.

The Series 2016A Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2016A 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 Nixon Peabody LLP, New York, New York, and Drohan Lee LLP, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Institute by its counsel, Cullen and Dykman LLP, Garden City, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP, New York, New York. DASNY expects to deliver the Series 2016A Bonds in definitive form in New York, New York, on or about August 25, 2016.

Morgan Stanley

Piper Jaffray & Co.

\$47,910,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK INSTITUTE OF TECHNOLOGY REVENUE BONDS, SERIES 2016A (FEDERALLY TAXABLE)

Serial Bonds

<u>Due</u>		<u>Interest</u>		<u>CUSIP</u>
<u>July 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>Number</u> [†]
2017	\$3,600,000	1.886%	100%	64990CFR7
2018	6,215,000	2.036	100	64990CFS5
2019	6,970,000	2.299	100	64990CFT3
2020	7,135,000	2.568	100	64990CFU0
2021	7,325,000	2.768	100	64990CFV8
2022	7,535,000	2.987	100	64990CFW6
2023	7,765,000	3.187	100	64990CFX4
2024	1,365,000	3.359	100	64990CFY2

† CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of owners of the Series 2016A Bonds only at the time of issuance of the Series 2016A Bonds and DASNY does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

No dealer, broker, salesperson or other person has been authorized by DASNY, the Institute or the Underwriters to give any information or to make any representations with respect to the Series 2016A 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 Institute or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be a sale of the Series 2016A 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 Institute and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriters guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of DASNY or the Underwriters.

The Institute has reviewed the parts of this Official Statement describing the Institute, Bondholders' Risks, 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 2016A Bonds, the Institute will certify that as of the date of this Official Statement and of delivery of the Series 2016A 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 Institute makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriters have reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities law, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Trustee has no responsibility for the form and content of this Official Statement and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom.

References in this Official Statement to the Act, the Resolution, the Series 2016A Resolution, the Series 2016A Bond Series Certificate, the 2016A Mortgage and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2016A Resolution, the Series 2016A Bond Series Certificate, the 2016A Mortgage and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2016A Resolution, the Series 2016A Bond Series Certificate, the 2016A Mortgage 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 Institute have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2016A BONDS, THE UNDERWRITERS OF THE SERIES 2016A BONDS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2016A 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
GERRARD P. BUSHELL – PRESIDENT

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

OFFICIAL STATEMENT RELATING TO

\$47,910,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK INSTITUTE OF TECHNOLOGY REVENUE BONDS
SERIES 2016A (FEDERALLY TAXABLE)

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Dormitory Authority of the State of New York (“DASNY”) and New York Institute of Technology (the “Institute”) in connection with the offering by DASNY of \$47,910,000 principal amount of its New York Institute of Technology Revenue Bonds, Series 2016A (Federally Taxable) (the “Series 2016A Bonds”).

The following is a brief description of certain information concerning the Series 2016A Bonds, DASNY and the Institute. A more complete description of such information and additional information that may affect decisions to invest in the Series 2016A 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 2016A Bonds are being issued for the purpose of providing funds which, together with other available money, will be used (i) to refund all outstanding maturities and principal amounts of the Nassau County Industrial Development Agency Civic Facility Revenue and Refunding Bonds (2000 New York Institute of Technology Project) and the Suffolk County Industrial Development Agency Civic Facility Refunding Revenue Bonds (2000 New York Institute of Technology Project) Series 2000 A (collectively, the “Refunded Bonds”), and (ii) to pay the Costs of Issuance incidental to the issuance of the Series 2016A Bonds. See “PART 7 – THE REFUNDING PLAN”, “PART 8 – ESTIMATED SOURCES AND USES OF FUNDS” and “APPENDIX F – REFUNDED BONDS.”

Authorization of Issuance

The Series 2016A Bonds are to be issued under DASNY’s New York Institute of Technology Revenue Bond Resolution, adopted July 20, 2016 (the “Resolution”), the Series Resolution authorizing the Series 2016A Bonds, adopted July 20, 2016 (the “Series 2016A Resolution”) and the Bond Series Certificate, dated as of August 11, 2016, relating to the Series 2016A Bonds (the “Series 2016A Bond Series Certificate”). The Resolution, the Series 2016A Resolution and the Series 2016A Bond Series Certificate are collectively referred to herein as the “Resolutions.” In addition to the Series 2016A Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds, to refund all or a portion of Outstanding Bonds or other notes or bonds of DASNY that were issued on behalf of the Institute and to refinance other indebtedness of the Institute. Each Series of Bonds will be separately secured under the Resolution from each other Series of Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2016A Bonds. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Issuance of Additional Bonds” and “PART 3 – THE SERIES 2016A 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 9 – DASNY.”

The Institute

The Institute is a private, non-profit, comprehensive senior institution of higher education, chartered by the Board of Regents of the University of the State of New York in 1955. The Institute operates two campuses in metropolitan New York and is host to more than 10,000 students worldwide, attending classes in New York, Abu Dhabi, Vancouver and China. See “PART 5 – THE INSTITUTE” and “APPENDIX B – CONSOLIDATED FINANCIAL STATEMENTS OF NEW YORK INSTITUTE OF TECHNOLOGY WITH INDEPENDENT AUDITORS’ REPORT THEREON.”

The Series 2016A Bonds

The Series 2016A Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2017 and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2016A BONDS – Description of the Series 2016A Bonds.”

Payment of the Series 2016A Bonds

The Series 2016A Bonds are special obligations of DASNY payable solely from the Revenues, which consist of certain payments to be made by the Institute under the Loan Agreement, which payments are pledged and assigned to the Trustee. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Payment of the Series 2016A Bonds.”

The Series 2016A Bonds will not be a debt of the State nor will the State be liable on them. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2016A Bonds except for DASNY’s responsibility to make payments from money received from the Institute pursuant to the Loan Agreement and from amounts held in the funds and accounts established by the Series 2016A Resolution and pledged to the payment of or to secure payment of the Series 2016A Bonds.

Security for the Series 2016A Bonds

The Series 2016A Bonds are secured by the pledge of the Revenues, the proceeds of such Series 2016A Bonds until disbursed in accordance with the Resolution and all funds and accounts established by the Resolution and the Series 2016A Resolution in connection with the Series 2016A Bonds.

The Loan Agreement is a general obligation of the Institute. As security for its obligations under the Loan Agreement, the Institute will grant to DASNY a security interest in all receipts, revenues, income and other moneys received or receivable by or on behalf of the Institute, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Institute (the “Pledged Revenues”); provided, however, that Pledged Revenues shall not include any scholarships, fellowships or revenues of the medical clinic received or receivable by or on behalf of the Institute. DASNY will pledge and assign to the Trustee for the benefit of the Bondholders its security interest in the Pledged Revenues. The Loan Agreement permits the Institute, without the consent of DASNY, to incur certain additional Indebtedness secured by a pledge of, or security interest in, the Pledged Revenues that is of equal priority with the pledge securing its obligations under the Loan Agreement. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Security for the Series 2016A Bonds” and “– Issuance of Additional Bonds,” “PART 5 – THE INSTITUTE – Outstanding Indebtedness” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

The Institute’s obligations to DASNY under the Loan Agreement will be further secured by a mortgage (the “2016A Mortgage”) on certain property of the Institute, as more particularly described under “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Security for the Series 2016A Bonds – *The Mortgage*” herein (the “Mortgaged Property”) and by security interests in certain fixtures, furnishings and equipment now or hereafter located in or used in connection with the Mortgaged Property. DASNY may, but has no present intention to, assign the 2016A Mortgage and such security interests to the Trustee. Unless the 2016A Mortgage and such security interests are assigned to the Trustee, neither the 2016A Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2016A Bonds. DASNY may consent to the amendment of the 2016A Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with such Mortgaged Property, and release from the lien thereon any property subject to such 2016A Mortgage or security interest, without the

consent of the Trustee or the Holders of any Series 2016A Bonds. The Loan Agreement permits the Institute, without the consent of DASNY, to incur certain additional Indebtedness secured by a lien on the Mortgaged Property that is of equal priority with the 2016A Mortgage. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Security for the Series 2016A Bonds” and “– Issuance of Additional Bonds,” “PART 5 – THE INSTITUTE – Outstanding Indebtedness” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

Covenants

The Institute covenants in the Loan Agreement that, so long as the Series 2016A Bonds remain Outstanding, it will demonstrate at the end of each Fiscal Year that the Debt Service Coverage Ratio for such Fiscal Year was at least equal to 1.2:1.0. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Covenants – Maintenance Covenants” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

The Institute also covenants in the Loan Agreement that, except to the extent permitted by the Loan Agreement, it will not issue, incur, assume or guarantee any Indebtedness without the prior written consent of DASNY. For a summary of the circumstances in which the Institute may incur such Indebtedness, see “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Covenants – Additional Indebtedness.”

The Refunding Plan

Substantially all of the proceeds of the Series 2016A Bonds, together with other available money, including approximately \$10,000,000 of Institute funds and release of monies from the debt service funds and debt service reserve funds relating to the Refunded Bonds, will be used to refund the Refunded Bonds more particularly described herein, and to pay the Costs of Issuance incidental to the issuance of the Series 2016A Bonds. See “PART 7 – THE REFUNDING PLAN” and “APPENDIX F – REFUNDED BONDS.”

PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2016A 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 2016A Mortgage, the Resolution, the Series 2016A Resolution and the Series 2016A Bond Series Certificate. Copies of the Loan Agreement, the 2016A Mortgage, the Resolution, the Series 2016A Resolution and the Series 2016A Bond Series Certificate 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 2016A Bonds

The Series 2016A Bonds will be special obligations of DASNY. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2016A Bonds are payable solely from the Revenues, which consist of payments to be made by the Institute pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2016A Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2016A Bonds.

The Loan Agreement obligates the Institute to make payments to satisfy the principal, Purchase Price and Redemption Price of and interest on the Outstanding Series 2016A Bonds. Payments made by the Institute in respect of interest on the Series 2016A Bonds are to be made on the tenth (10th) day of each month, commencing on September 10, 2016 to and including December 10, 2016, in an amount equal to one-fourth (1/4th) of the interest coming due on January 1, 2017, and on the tenth (10th) day of each month thereafter, commencing January 10, 2017, in an amount equal to one-sixth (1/6th) of the interest coming due on the Series 2016A Bonds on the immediately succeeding interest payment date therefor. Payments by the Institute in respect of principal of the Series 2016A Bonds, whether at maturity or through mandatory Sinking Fund Installments, are to be made on the tenth (10th) day of each month commencing September 10, 2016 to and including June 10, 2017, in an amount equal to one-tenth (1/10th) of the principal and Sinking Fund Installments coming due on July 1, 2017, and on the tenth (10th) day of each month thereafter, commencing July 10, 2017, in an amount equal to one-twelfth (1/12th) of the principal and Sinking Fund Installment on the Series 2016A Bonds coming due on the next succeeding July 1. The Loan Agreement also obligates the Institute to pay, except in the case of an optional redemption or a purchase in lieu of optional redemption which is subject to the condition that sufficient money is available on the redemption date or the

purchase date, on or prior to the date any applicable notice of optional redemption or purchase in lieu of optional redemption is given, the amount, if any, required to pay the Purchase Price or Redemption Price of such Series 2016A Bonds. See “PART 3 – THE SERIES 2016A BONDS – Redemption Provisions” and “– Purchase in Lieu of Optional Redemption.”

DASNY has directed, and the Institute 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 and Redemption Price of and interest on the Series 2016A Bonds.

Security for the Series 2016A Bonds

The Series 2016A Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2016A Bonds until disbursed in accordance with the Resolution and, except as otherwise provided in the Resolution, all funds and accounts established by the Series 2016A Resolution.

The Series 2016A Bonds will not be a debt of the State nor will the State be liable on them. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2016A Bonds except for DASNY’s responsibility to make payments from money received from the Institute pursuant to the Loan Agreement, from money realized upon a foreclosure of or other realization on the 2016A Mortgage or any security interest in the personal property securing the Loan Agreement, and from amounts held in the funds and accounts established by the Series 2016A Resolution and pledged therefor.

The Loan Agreement and the obligation of the Institute to make payments under the Loan Agreement are general obligations of the Institute. The obligations of the Institute to make payments or cause the same to be made under the Loan Agreement are absolute and unconditional and the amount, manner and time of making such payments are not to 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 Institute may otherwise have against DASNY, the Trustee or any Bondholder for any cause whatsoever.

The Pledged Revenues

As security for its obligations under the Loan Agreement, the Institute will grant to DASNY a security interest in the Pledged Revenues which, pursuant to the Series 2016A Resolution, DASNY will pledge and assign to the Trustee for the benefit of the Holders of the Series 2016A Bonds. The Loan Agreement permits the Institute, without the consent of DASNY, to incur certain additional Indebtedness secured by a pledge of, or security interest in, the Pledged Revenues that is of equal priority with the pledge securing its obligations under the Loan Agreement.

The Mortgage

The Institute’s obligations to DASNY under the Loan Agreement will be further secured by the 2016A Mortgage on the Mortgaged Property and by security interests in certain fixtures, furnishings and equipment now or hereafter located in or used in connection with the Mortgaged Property. The Institute’s entire Old Westbury Campus (excluding the deSeversky Mansion and surrounding land) will be subject to the 2016A Mortgage. The campus is located in both the incorporated Villages of Brookville and Old Westbury, Town of Oyster Bay, County of Nassau. The Mortgaged Property is approximately 221.92 acres or 9,667,042 square feet of land, improved by administration buildings, educational buildings and classroom halls, library, health center facilities, athletic facilities and fields. DASNY may, but has no present intention to, assign the 2016A Mortgage and such security interests to the Trustee. Unless the 2016A Mortgage and such security interests are assigned to the Trustee, neither the 2016A Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2016A Bonds. DASNY may consent to the amendment of the 2016A Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with such Mortgaged Property, and release from the lien thereon any property subject to such 2016A Mortgage or security interest, without the consent of the Trustee or the Holders of any Series 2016A Bonds.

The Loan Agreement permits the Institute, without the consent of DASNY, to incur certain additional Indebtedness secured by a lien on the Mortgaged Property that is of equal priority with the 2016A Mortgage.

Covenants

The Loan Agreement contains certain covenants of the Institute wherein the Institute agrees to the following:

Maintenance Covenants

The Institute covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio of 1.2:1.0. The Debt Service Coverage Ratio requirement shall be tested

annually based on the annual audited financial statements of the Institute. On or prior to the date set forth in the Loan Agreement, the Institute is to file with DASNY a certificate of an Authorized Officer of the Institute stating whether at the immediately preceding Fiscal Year the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based. If in two consecutive Fiscal Years the Institute does not satisfy the Debt Service Coverage Ratio requirement, or if for any Fiscal Year the Debt Service Coverage Ratio falls below 1:1, DASNY may require either a management plan from the Institute or may require the Institute to engage a Management Consultant. Failure to maintain the required Debt Service Coverage Ratio, however, shall not constitute an Event of Default under the Loan Agreement.

Additional Indebtedness

Except as otherwise described below, the Institute covenants that it will not issue, incur, assume or guarantee any Indebtedness without the prior written consent of DASNY.

In order to issue, incur, assume or guarantee Long-Term Indebtedness without the consent of DASNY, the Institute must, at the time of issuance, have a Long-Term Indebtedness rating not lower than investment grade (BBB-/Baa3) from at least one Nationally Recognized Statistical Rating Organization (“NRSRO”), and that rating must be maintained from at least one NRSRO after the issuance of the additional Long-Term Indebtedness, and except for an amount that does not exceed \$150,000,000 if such Long-Term Indebtedness is issued on or prior to August 31, 2018: (1) the amount issued in any year is less than or equal to 10% of the value of the Institute’s unrestricted plus temporarily restricted net assets as reported on the most recent annual audited financial statements of the Institute, or (2) if the amount of such new Long-Term Indebtedness issued is in excess of 10% of the value of the Institute’s unrestricted plus temporarily restricted net assets as reported on the most recent annual audited financial statements of the Institute, the Institute must provide a certificate of an Authorized Officer of the Institute and pro forma calculations to DASNY demonstrating that the Institute’s required Debt Service Coverage Ratio would be met, based on the annual audited financial statements of the Institute for the most recently ended Fiscal Year, except as noted below, taking into account the additional debt and debt service. For purposes of calculating the pro forma Debt Service Coverage Ratio requirement for purposes of clause (2) above, the Institute’s projected Maximum Annual Debt Service will be used instead of Annual Debt Service to determine compliance. In the event the project to be financed with such additional Long-Term Indebtedness is expected to generate additional revenues, such revenues, net of anticipated expenses, may be included in the pro forma calculations of the Debt Service Coverage Ratio requirement.

Long-Term Indebtedness issued, incurred, assumed or guaranteed in accordance with the conditions described above may be secured by a security interest in the Pledged Revenues and/or a lien on the Mortgaged Property on a parity with the security interest in the Pledged Revenues securing the Loan Agreement and/or the lien of the 2016A Mortgage.

Notwithstanding the foregoing, the Institute may issue, incur, assume or guaranty (i) Non-Recourse Indebtedness without limitation provided that any assets pledged as collateral or for the repayment of such Indebtedness must have been acquired by the Institute after the issuance of the Series 2016A Bonds, (ii) Refunding Indebtedness without limitation so long as the Annual Debt Service on Long Term Indebtedness would not be increased in any future Fiscal Year and (iii) Short-Term Indebtedness without limitation if during any 12-month period there will be no outstanding Short-Term Indebtedness for a period of not less than 30 days.

DASNY has reserved the right to amend in any respect the covenants described above without the consent of the Trustee or the holders of Outstanding Bonds.

For a more complete description of the financial covenants of the Institute contained in the Loan Agreement, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

Events of Default and Acceleration

The following are events of default under the Resolution with respect to the Series 2016A 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 Series 2016A Bond; (iii) a default by DASNY in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2016A Bonds or in the Resolution or the Series 2016A Resolution 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 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 (iv) DASNY has 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 Institute under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless all

sums payable by the Institute 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 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 2016A Bonds, must declare the principal of and interest on all the Outstanding Series 2016A Bonds to be due and payable. At any time after the principal of the Series 2016A Bonds have been 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 with the written consent of the Holders of not less than 25% in principal amount of Series 2016A Bonds not yet due by their terms and then Outstanding, by written notice to DASNY, is to 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 Institute within five days, and to the Holders of the Series 2016A Bonds 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. However, 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 2016A 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 2016A Bonds.

Issuance of Additional Bonds

In addition to the Series 2016A 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 Institute. Each Series of Bonds will be separately secured from each other Series of Bonds under the Resolution by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the applicable Series Resolution. Subject to compliance with the conditions to the Institute's right to incur additional debt, there is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time prior to or after the scheduled delivery date of the Series 2016A Bonds. The Loan Agreement also permits the Institute, under certain conditions, to incur Parity Indebtedness, which is secured by the Pledged Revenues on a parity with the pledge securing the Series 2016A Bonds and/or by a lien on the Mortgaged Property on a parity with the lien of the 2016A Mortgage. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Covenants" and "PART 5 – THE INSTITUTE - Capital Plans."

General

The Series 2016A Bonds will not be a debt of the State and the State will not be liable on the Series 2016A Bonds. DASNY has no taxing power. DASNY has never defaulted in the timely payment of principal of or interest on its bonds or notes. See "PART 9 – DASNY."

PART 3 – THE SERIES 2016A BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2016A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2016A Resolution, the 2016A Bond Series Certificate 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 2016A Bonds.

Description of the Series 2016A Bonds

General

The Series 2016A Bonds will be issued pursuant to the Resolution and the Series 2016A Resolution.

The Series 2016A Bonds will be dated their date of delivery, and will bear interest from such date (payable January 1, 2017 and on each July 1 and January 1 thereafter) at the rates, and will mature at the times set forth on the inside cover page of this Official Statement. Interest on the Series 2016A Bonds will accrue based upon a 360-day year of twelve 30-day months. The Series 2016A Bonds will be issued as fully registered bonds. The Series 2016A Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2016A Bonds will be payable by check or draft mailed to the registered owners thereof or, at the option of the registered owner of at least \$1,000,000 of such Series 2016A Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the Record Date. The principal or Redemption Price of the Series 2016A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of Manufacturers and Traders Trust Company, the Trustee and Paying Agent. As long as the Series 2016A Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See “Book-Entry Only System” herein. For a more complete description of the Series 2016A Bonds, see “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

The Series 2016A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2016A 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 2016A Bonds, payments of the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2016A 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 2016A 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 2016A Bonds, the Series 2016A Bonds will be exchangeable for fully registered Series 2016A 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” herein and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

For a more complete description of the Series 2016A Bonds, see “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

Redemption Provisions

The Series 2016A Bonds are subject to optional, special and mandatory redemption as described below.

Optional Redemption

The Series 2016A Bonds are subject to redemption at the option of DASNY on any date in whole or in part, at the Make-Whole Redemption Price. The “Make-Whole Redemption Price” is the greater of:

- (1) 100% of the principal amount of the Series 2016A Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the Stated Maturity Date of such Series 2016A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2016A Bonds are to be redeemed, discounted to the date on which such Series 2016A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus 25 basis points, plus, in each case, accrued interest on such Bonds to be redeemed to but not including the redemption date. The Trustee may retain, at the expense of the Institute, an independent accounting firm or financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee, DASNY and the Institute may conclusively rely on such accounting firm’s or financials advisor’s calculations in connection with, and determination of, the Make-Whole Redemption Price, and neither the Trustee nor DASNY nor the Institute will have any liability for their reliance.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2016A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least five Business Days prior to the redemption date, excluding inflation indexed securities, or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the Stated Maturity Date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such Stated Maturity Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

On or prior to the redemption date of Series 2016A Bonds called for optional redemption, DASNY, at its option, may elect that, upon payment of the Redemption Price of the Series 2016A Bonds to have been redeemed, all or a portion of

such Series 2016A Bonds may be considered as having been purchased in lieu of optional redemption, in which case such Series 2016A Bonds will remain outstanding. See “– *Purchase in Lieu of Optional Redemption*” for a discussion of purchase in lieu of redemption.

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2016A Bonds described above under the heading “*Optional Redemption*,” DASNY will select the maturities of the Series 2016A Bonds to be redeemed. If less than all of the Series 2016A Bonds of a maturity are to be so redeemed, the Series 2016A Bonds of such maturity to be redeemed will be selected by the Trustee, pro-rata, using such method of selection it considers proper in its discretion.

Notice of Redemption; Conditional Notices

The Trustee is to give notice of the redemption of the Series 2016A Bonds in the name of DASNY which notice is to be given 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 2016A Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2016A Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2016A Bond. If directed in writing by an Authorized Officer of DASNY, the Trustee shall publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 45 days prior to the redemption date, but such publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2016A Bonds.

If, on the redemption date, money for the redemption of the Series 2016A Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, is 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 2016A Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2016A Bonds will no longer be considered to be Outstanding under the Resolution and the Series 2016A Resolution.

DASNY’s obligation to redeem the Series 2016A Bonds at its option or through Special Redemption may be conditioned upon the availability on the redemption date of sufficient money to pay the Redemption Price, including accrued interest to the redemption date, of the Series 2016A Bonds to be redeemed.

Purchase in Lieu of Optional Redemption

On or prior to the redemption date of Series 2016A Bonds called for optional redemption, DASNY, at its option, may elect that, upon payment of the Redemption Price of the Series 2016A Bonds to have been redeemed (in such case, the “Purchase Price”), all or a portion of such Series 2016A Bonds may be considered as having been purchased in lieu of optional redemption, in which case such Series 2016A Bonds will remain outstanding.

Notice of Purchase; Conditional Notices. If the Institute elects to purchase Series 2016A Bonds, the Institute will give written notice to DASNY and the Trustee of such election, which notice shall set forth the maturity and the principal amount of the Series 2016A Bond to be purchased. The Trustee will cause notice of the purchase of Series 2016A Bonds to be given by mailing a copy of such notice by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the purchase date set forth in such notice. Each notice of purchase of Series 2016A Bonds is to state (i) the condition, if any, to such purchase, (ii) such other conditions as the Institute shall prescribe, (iii) the Series 2016A Bonds to be purchased, (iv) the purchase date or dates, and (v) that the Series 2016A Bonds to be purchased are to be delivered to the Trustee on the purchase date and that Series 2016A Bonds to be purchased not so delivered will be deemed duly tendered to the Trustee for purchase on the purchase date.

The Institute’s obligation to purchase the Series 2016A Bonds may be subject to the condition that on the Purchase Date sufficient money is available for payment of the Purchase Price, including accrued interest to the Purchase Date, of the Series 2016A Bonds to be purchased.

Effect of Notice. Notice of purchase having been given in the manner required by the Series 2016A Bond Series Certificate, then, the Series 2016A Bonds to be purchased shall be tendered for purchase on the purchase date, and thereafter, if sufficient money to pay the Purchase Price of such Series 2016A Bonds is held by the Trustee, the Purchase Price of the Series 2016A Bonds or portions thereof so called for purchase will become due and payable on the date set for purchase, upon presentation and surrender of such Series 2016A Bonds to be purchased at the office or offices specified in such notice, and, in the case of Series 2016A Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. If such money is not available on the purchase

date, such Series 2016A Bonds will continue to be registered in the name of the registered owner on the purchase date and the registered owners will be entitled to receive the payments of the principal of and interest on such Series 2016A Bonds in accordance with their respective terms.

Selection of Bonds to be Purchased. If less than all of the Outstanding Series 2016A Bonds of like maturity are to be purchased, the Trustee is to select the Series 2016A Bonds to be purchased, by lot, using such method of selection as it considers proper in its discretion in the same manner as prescribed in the Resolution for the selection of Series 2016A Bonds for redemption.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2016A Bonds. The Series 2016A 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 2016A Bond certificate will be issued for each maturity of the Series 2016A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2016A 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 2016A 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 2016A Bonds, except in the event that use of the book-entry system for the Series 2016A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016A 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 2016A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2016A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2016A Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016A 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 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2016A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee, the Institute or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DASNY and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2016A Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2016A Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2016A Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. DASNY and the Trustee have no responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2016A Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of DASNY (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2016A Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by DASNY; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016A Bonds at any time by giving reasonable notice to DASNY and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2016A 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 2016A Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Direct or Indirect Participant acquires an interest in the Series 2016A Bonds, as nominee, may desire to make arrangements with such Direct or Indirect Participant to receive a credit balance in the records of such Direct or Indirect Participant, and may desire to make arrangements with such Direct or Indirect Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Direct or Indirect Participant and to have notification made of all interest payments. **NEITHER DASNY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2016A BONDS.**

So long as Cede & Co. is the registered owner of the Series 2016A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2016A Bonds (other than under the caption "PART 12 – TAX MATTERS" herein) means Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2016A Bonds.

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

For every transfer and exchange of Series 2016A 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 2016A Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2016A Bonds or (ii) a continuation of the requirement that all of the Outstanding Series 2016A 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 2016A Bond certificates will be delivered as described in the Resolutions.

NEITHER DASNY, THE INSTITUTE, THE UNDERWRITERS 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 2016A 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 2016A 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 2016A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2016A BONDS; OR (VI) ANY OTHER MATTER.

PART 4 – PRINCIPAL AND INTEREST REQUIREMENTS

The following table sets forth the amounts required to be paid by the Institute during each twelve month period ending June 30 of the Bond Years shown for the payment of the principal of and interest on the Series 2016A Bonds and the total debt service on the Series 2016A Bonds.

12 Month Period Ending on June 30	Principal Payments on the Series 2016A Bonds	Interest Payments on the Series 2016A Bonds	Total Debt Service on the Series 2016A Bonds
2017	\$3,600,000.00	\$1,070,190.68	\$4,670,190.68
2018	6,215,000.00	1,191,151.86	7,406,151.86
2019	6,970,000.00	1,064,614.46	8,034,614.46
2020	7,135,000.00	904,374.16	8,039,374.16
2021	7,325,000.00	721,147.36	8,046,147.36
2022	7,535,000.00	518,391.36	8,053,391.36
2023	7,765,000.00	293,320.92	8,058,320.92
2024	1,365,000.00	45,850.36	1,410,850.36

PART 5 – THE INSTITUTE

New York Institute of Technology (“NYIT” or the “Institute”) is a private, non-profit, comprehensive senior institution of higher education, chartered by the Board of Regents of the University of the State of New York in 1955. In the 2015-16 academic year, NYIT offers approximately 90 degree programs, including undergraduate, graduate and professional degrees, in more than 50 fields of study. During the academic year, NYIT is host to more than 10,000 students worldwide, attending classes in New York, Abu Dhabi, Vancouver and China.

NYIT operates seven academic schools: School of Architecture and Design; College of Arts and Sciences; School of Education; School of Engineering and Computing Sciences; School of Health Professions; School of Management; and the NYIT College of Osteopathic Medicine (“NYITCOM”). NYIT also offers degree-granting programs in collaboration with selected foreign universities as well as non-credit programming. Beginning in August 2016, NYIT will welcome a class of first-year medical students to a new NYITCOM location on the campus of Arkansas State University at Jonesboro.

NYIT operates two campuses in metropolitan New York; one in suburban Long Island in Old Westbury in Nassau County, and the second in Manhattan at 61st Street and Broadway (collectively, the “New York Campuses”). NYIT owns a site with several academic and support programs located in Central Islip, in Suffolk County, Long Island. The Institute also operates academic programs internationally in Canada, China and the United Arab Emirates (collectively, the “International Sites”).

NYIT draws students to the New York Campuses from nearly all 50 states and 100 countries, but the Institute is primarily a commuter school that competes predominantly with other regional public and private institutions located in the New York metropolitan area. More recently, the number of students from other countries attending the New York Campus has increased.

NYIT boasts more than 100,000 alumni from its New York Campuses and International Sites, and consistently receives high rankings for its academic programs and diversity by respected national publications such as *U. S. News & World Report*.

The Mission of NYIT

The mission of NYIT is to provide students with a career-oriented professional education; to offer access to opportunity to all qualified students; and to support applications-oriented research that benefits the larger world. Career-oriented professional education is evidenced by the Institute’s programs such as medicine, architecture, engineering, business, and computer graphics that prepare graduates for professional careers; its hands-on instruction through which students gain practical experience while still in school; and its faculty who are active practitioners in their fields. NYIT’s core curriculum provides a strong foundation of written and oral communication skills, mathematical reasoning, and technological literacy so that graduates can pursue self-directed learning throughout their careers and lives.

Access to opportunity involves maintaining class sizes appropriate to effective student-faculty interaction, providing students with a wide range of academic offerings and support services, flexible course scheduling, various technologically enriched delivery systems for distributed learning, a moderate tuition structure accompanied by a broad range of financial aid programs, and access to opportunity initiatives for students from historically disadvantaged groups through participation in programs such as the Higher Education Opportunity Program and the Science and Technology Entrance Program.

Applications-oriented research involves research in endeavors ranging from bioengineering, cancer research, and molecular genetics, to cybersecurity, and digital holography, all geared toward improving the quality of life.

Strategic Plan

In support of the Institute’s mission, NYIT prepared a strategic plan adopted by the Board of Trustees in 2006 and updated in 2015. The revised plan is called NYIT 2030, version 2.0, and is designed to make NYIT a model 21st century global university. Building on existing strengths, the strategic plan provides updated goals for 2030 that state NYIT’s:

- Forward-thinking academic portfolio, including several top-rated graduate and professional programs, will have anticipated the needs of the global marketplace, ensuring that NYIT graduates are distinctly profession-ready;
- Applications-oriented research and programs will demonstrate the exceptional value derived from its unique constellation of academic specialties, links to industry, interdisciplinary collaborations, global reach, and technology-infused environment;
- Student-centered community, including members of the NYIT faculty, administration, staff and alumni, will provide all students with the transformative experiences at the heart of a university education;
- High quality teaching and learning community is consistently challenging, engaging, learner-centered, and profession-focused;
- Faculty, administration, staff, students and alumni will address the globally significant challenges of an interconnected world at local, national, or global levels in their academic, professional and civic lives; and
- Focus on continuous improvement in the quality and reputation of its academic and co-curricular programs will support pursuit of NYIT’s strategic vision.

NYIT established metrics for each element of the NYIT 2030 vision and prepared annual implementation plans. For example, the metrics set multi-year targets for such initiatives as student retention, teaching quality and financial performance. In the 2015 update, NYIT has been able to report the following successes: the financial state of the institution is stronger as measured by direct contribution margin and unrestricted net assets; NYIT is better regarded both nationally and internationally as evidenced by recent additions to its list of domestic and international accreditations; and students who enroll bring stronger academic credentials than cohorts of earlier years. The Institute has attracted many new faculty members of high caliber and promise, and there are talented and experienced people in positions of administrative leadership. The Institute has taken steps both to solidify its focus by closing programs and campuses that had proven unsuccessful, and, when choosing to expand, to play to its strengths. For example, NYIT will open in August 2016 an additional location of the Institute's medical school on the campus of Arkansas State University in Jonesboro, Arkansas; and NYIT is currently partnering in Beijing with the premier Chinese university in communications and media.

Capital Plans

NYIT is planning to construct a new campus commons and up to four student residences with 699 beds on its Old Westbury, New York campus. The Board of Trustees and management are conducting a detailed review of a plan to convert the Old Westbury campus from a commuter to residential campus. A determination of the final scope and budget for the project is anticipated in Fall 2016. Based on the final decision, NYIT may issue between \$80 million to \$140 million in new debt to fund all or a portion of the construction costs of the project and capitalized interest.

Accreditations

NYIT has regional accreditation from the Commission on Higher Education of the Middle States Association of Colleges and Schools and has received the necessary approvals from local governing bodies at all NYIT International Sites. Many NYIT programs also enjoy specialized or professional accreditation including accreditation from the following organizations:

- AACSB International (The Association to Advance Collegiate Schools of Business)
- Accreditation Council for Occupational Therapy Education of the American Occupational Therapy Association
- Accreditation Review Commission on Education for the Physician Assistant, Inc. (ARC-PA)
- AOA Commission on Osteopathic College Accreditation (COCA)
- Association for Childhood Education International (ACEI)
- Commission on Accreditation in Physical Therapy Education (CAPTE)
- Commission on Collegiate Nursing Education (CCNE)
- Council for Accreditation of Counseling & Related Educational Programs (CACREP)
- Council for Interior Design Accreditation
- Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology, Inc.
- Engineering Technology Accreditation Commission of the Accreditation Board for Engineering and Technology, Inc.
- National Architectural Accrediting Board
- National Council for Accreditation of Teacher Education

NYIT's International Sites have received accreditation from the following agencies:

- United Arab Emirates Ministry of Higher Education and Scientific Research
- Ministry of Education (China)
- Ministry of Advanced Education, Innovation and Technology (British Columbia, Canada)

Governance and Administration

The governance structure promotes the mission, goals, and objectives of NYIT and oversees the procurement and use of its resources and assets. The governance of NYIT is accomplished by cooperative interaction among several bodies and functions, principally:

- *The Board of Trustees.* Acting as a body, it is the final governing authority of NYIT and its constituent parts.
- *The President and Senior Management.* This group consists of the President and Chief Executive Officer; Provost and Vice President for Academic Affairs; Vice President for Medical Affairs and Global Health; Vice President for Health Sciences and Medical Affairs; Vice President for Financial Affairs, Chief Financial Officer and Treasurer; General Counsel and Secretary; Vice President for Student Affairs; Vice President for Enrollment; Vice President for

Communication and Marketing; Vice President for Development; Vice President for Information Technology and Infrastructure; Vice President for Planning, Analytics and Decision Support (currently vacant); and Chief of Staff.

- *Deans, the Council of Deans, and the Graduate Council* of the seven schools. Members of these groups are responsible for education programs and degrees in their respective schools.
- *The Academic Senate*. This is a governing body that includes broad faculty representation as well as certain members of senior management. It develops programs and policy recommendations consistent with the mission, strategies, and objectives of the Institute, and advises the President and the Board of Trustees.

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Board of Trustees

The Board of Trustees secures the leadership and facilities necessary to provide sound educational programs, establishes policies, monitors plans to implement those policies, ensures that adequate funds are available, and conserves the assets of NYIT. Among other things, the Board approves the annual budget, faculty granting of tenure, the acquisition and disposition of real property, and investment of endowment assets. The Board meets at least quarterly, and its standing committees – Executive, Finance, Development, Investment, Audit, and Program and Personnel – meet as often as necessary.

The number of trustees may range from a minimum of twelve to a maximum of twenty-five. Members of the Board of Trustees are elected for an initial two-year term and may be reelected to subsequent terms of four years. No Trustee whose initial election to the Board occurred after December 1, 2005 may serve more than ten consecutive years as a Trustee; however, any such Trustee is eligible to be re-elected after one year off the Board. The following table lists the current members of the Board and their principal business affiliations.

Mr. Ernie Anastos

Journalist and News Broadcaster
FOX WNYW-TV New York

Mr. Jerry Bailey

Chief Financial Officer (retired)
Citigroup

Mr. Richard A. Cody

General United States Army (retired)
Corporate Vice President
L-3 Communications

Mr. Philip Fasano (B.S. '80)

Executive Vice President and
Chief Information Officer
American International Group

Mr. Peter Ferentinos

Chief Executive Officer
Qualco, Inc.

Mr. Itzhak Fisher (B.S. '82)

Founder and General Partner
Pereg Ventures

Ms. Sharon Greenberger

President and CEO
YMCA Greater New York

Mr. Alan Guarino

Vice Chairman, Global Financial Markets
Korn/Ferry International

Dr. Edward Guiliano

President and Chief Executive Officer
New York Institute of Technology

Ms. Deborah Verderame Marciano (B.Arch '83)

President
Verderame / Cale Architecture, PLLC

Ms. Cristina L. Mendoza, Esq.

General Counsel
Benihana

Mr. Michael J. Merlo, *Vice Chair*

Chief Credit Officer
Signature Bank

Mr. Monte N. Redman (B.S. '81)

President and Chief Executive Officer
Astoria Bank

Mr. Peter J. Romano, *Vice Chair* (B.Arch. '76)

President
Peter J. Romano & Company

Mr. Roger A. Sawhney, M.D.

Partner and Vice President
Bain Company

Mr. Kevin D. Silva, *Chair*

Executive Vice President and
Chief Human Resources Officer
Voya Financial

Mr. Robert Wild, Esq.

Chairman/ Founding Partner
Garfunkel Wild P.C.

Ms. Caroline Watteuw

Retired
Warburg Pincus LLC

Administration

The President of the Institute is also the chief executive officer charged with the responsibility for all academic, administrative, financial and other activities, and with the execution of all policies established by the Board of Trustees.

The Provost, General Counsel and Secretary, Chief of Staff, and all other vice presidents each report directly to the President. The Provost is the chief academic officer, responsible for the academic activities of the Institute in New York and abroad, the faculty, library, academic computing and student registration. The Vice President for Medical Affairs and Global Health is responsible for all medical school, health science, and health professional education programs, including academic matters, research and community outreach. The Vice President for Health Sciences and Medical Affairs serves as the campus dean for the medical school at Arkansas State University in Jonesboro.

The Chief Financial Officer and Treasurer is responsible for all financial as well as certain non-academic service areas of the Institute. The General Counsel and Secretary is responsible for overseeing all legal matters for NYIT. The Vice President for Student Services is responsible for various student activities and health, career development and placement, residential and athletic programs, and alumni relations. The Vice President for Enrollment oversees student recruitment and admissions, financial aid, and non-academic advising. The Vice President for Communications and Marketing oversees marketing, events, and public relations. The Vice President for Development works with the Board and President to solicit gifts to the Institute from individuals, corporations and foundations. The Vice President for Planning, Analytics and Decision Support (vacant at August 1, 2016) is NYIT's chief planning officer, oversees implementation of NYIT's strategic plan, and is the primary contact with accrediting agencies. The Vice President for Information Technology and Infrastructure is responsible for all security, information technology, and facilities operations for NYIT in New York. The Chief of Staff oversees the departments of human resources and environmental health and safety and takes on additional assignments at the direction of the President.

The principal administrative officers of the Institute are:

Edward Guiliano, Ph.D., President and Chief Executive Officer. Dr. Guiliano has made his professional home at NYIT since 1974, when he joined the English department faculty while completing his doctorate. In 1988 he became the youngest person in Institute history to be promoted through the ranks to full professor. During his tenure at NYIT, Dr. Guiliano has advanced from an administrator to Vice President for Academic Affairs and Provost and, since 2000, as President and Chief Executive Officer. Dr. Guiliano is an international spokesperson on the value of a global education and on teaching and learning with technology. He is the author or editor of eight books and over 150 articles, essays, presentations and reviews covering a variety of scholarly, educational, and popular subjects, and is a renowned expert on Victorian literature, particularly the works of Charles Dickens and Lewis Carroll. Dr. Guiliano holds a Ph.D. and an M.A. from the State University of New York at Stony Brook and an A.B. from Brown University. He has been awarded two honorary degrees and received the Ellis Island Medal of Honor for his personal accomplishments, social compassion, and outstanding contributions to American society.

Rahmat Shoureshi, Ph.D., Provost and Vice President, Academic Affairs. Rahmat Shoureshi, Ph.D., joined NYIT as provost and vice president for academic affairs in 2011, administering a complex and global academic enterprise. In this role, he is responsible for shaping academic priorities and programs, fiscal management and revenue diversification, attracting and supporting outstanding faculty and academic leadership, providing global education for students, and expanding scholarship and research initiatives, especially in cross-disciplinary areas. After teaching mechanical engineering and conducting research for 11 years at Purdue University, Dr. Shoureshi joined the Colorado School of Mines as a distinguished and endowed chair professor of engineering. For eight years prior to joining NYIT, he served as Dean of the School of Engineering and Computer Sciences at the University of Denver. There, he developed five new interdisciplinary degree programs, spearheaded the technology transfer office, and established partnerships with universities overseas while starting joint programs with major companies. Dr. Shoureshi is an expert in automation, control systems design and artificial intelligence with applications in: robotics, biomedical engineering, energy/power engineering, structural engineering, and automotive engineering. Dr. Shoureshi earned his Ph.D. and M.S. degrees in mechanical engineering from Massachusetts Institute of Technology (MIT) and completed a program in Marketing and Industrial Dynamics at the MIT Sloan School of Management.

Jerry Balentine, D.O., FACEP, Vice President for Medical Affairs and Global Health. Jerry Balentine has served as vice president for medical affairs and global health since 2014, prior to which he served as chief medical officer and executive vice president of St. Barnabas Hospital and Healthcare System in the Bronx. He held numerous other positions at St. Barnabas since 1992, including medical director, co-director of the department of emergency medicine, and residency director. Dr. Balentine has been a faculty member at NYIT College of Osteopathic Medicine since 2009, and was most

recently acting chair of the emergency medicine division within the department of medicine. A graduate of Philadelphia College of Osteopathic Medicine, he completed his internship at St. Joseph's Hospital in Philadelphia and his emergency medicine residency at Lincoln Medical and Mental Health Center in the Bronx, where he served as chief resident. He earned his undergraduate degree from McDaniel College in Westminster, Md. Dr. Balentine has authored and edited many web and textbook chapters and is medical editor of newyorkmedicaljournal.org. He is also a medical author for the WebMD network, which includes MedicineNet, eMedicineHealth, RxList, and WebMD.

Leonard Aubrey, M.B.A., Vice President for Financial Affairs, Chief Financial Officer and Treasurer. Leonard Aubrey has served as NYIT's senior financial executive since 2003. In addition to overseeing the institution's annual budget, Mr. Aubrey's responsibilities include all financial functions, student accounts, procurement, real estate, extended education, dining services, and a multi-use conference facility. Prior to joining NYIT, Mr. Aubrey served as president and CEO of NYU Downtown Hospital, a 172 bed community teaching hospital with a \$130 million operating budget and 1,200 employees. Previously, he served in various leadership roles at New York City Health and Hospitals Corporation, the Port Authority of New York and New Jersey, New York City Office of Management and Budget, and the New York City Office of Economic Development. Mr. Aubrey also established Aubrey Financial Publishing in 1989 to provide bank executives information to reduce the risk of loan losses and to market credit services. He has an M.B.A. from Baruch College of the City University of New York, an M.P.A. from Maxwell School of Syracuse University, and a B.B.A. from University of Massachusetts.

Niyazi Bodur, Ph.D., Vice President for Information Technology and Infrastructure. Niyazi Bodur has been in his current role since 2005, where he oversees all of NYIT's information technology and telecommunication services, facilities management, design and construction, and security. Dr. Bodur has 27 years of professional experience in information technology, business-driven engineering research and development, instruction, and academia, as well as with major construction and renovation projects. Prior to coming to NYIT, Dr. Bodur was Assistant Vice President for Information Technology Services at Columbia University Medical Center, after holding the roles of Director of Information Technology Services and Director of Administrative and Academic Computing. Dr. Bodur is a former Assistant Professor at the University of North Carolina at Charlotte, in the Department of Mechanical Engineering & Engineering Science, and a former consultant on R&D with General Electric. Dr. Bodur has international expertise in manufacturing systems, world-class manufacturing and agility, robotics, mechanical analysis, expert systems, computer-aided engineering, and system simulation. Dr. Bodur earned a B.S. in Mechanical Engineering from Boğaziçi Üniversitesi in İstanbul, Turkey, an M.S. in Mechanical Engineering from University of Pittsburgh, and an M.B.A. and Ph.D. in Mechanical Engineering from Rensselaer Polytechnic Institute.

Nancy Donner, Vice President for Communication and Marketing. Nancy Donner leads NYIT's integrated marketing efforts locally and globally. She oversees all advertising, graphic design, editorial services, digital/web communications, online media, event planning, publications, gallery exhibitions, internal communications, and media relations. Since joining the NYIT in 2013, she has helped increase awareness and enhance the reputation of the Institute by developing a comprehensive marketing strategy, which started with a refreshed brand identity. A native New Yorker, Ms. Donner has spent the better part of her 25-year career working to promote education, culture, and organizations devoted to the social good. While at the helm of The New School's marketing and communications team for seven years, she led efforts to amplify the university's brand, improve its reputation, and utilize new digital, broadcast, and social media tools to reach both the widest and the most targeted audiences. Ms. Donner came to The New School following 12 years at The New York Public Library, where she was vice president for communications and marketing. In that capacity, she oversaw all public and media relations, internal and external communications, graphic design, and promotional aspects of one of the world's largest not-for-profit institutions. A Brown University graduate, Ms. Donner has also served as a consultant for foundations, think tanks, and educational organizations, most recently for The Ford Foundation.

John Elizandro, Vice President for Development. John M. Elizandro is vice president for development at NYIT. Mr. Elizandro oversees all philanthropic giving to the institution, from telefund and direct mail appeals, to major and endowment giving. Mr. Elizandro has nearly 40 years of experience in development and public relations in the public and private sectors of higher education and health care. Prior to joining NYIT, he served as the senior vice president for development at Westchester Medical Center, which includes the Maria Fareri Children's Hospital. As the successful vice president for development, and later, the vice president for institutional advancement at Villanova University, Mr. Elizandro spent 18 years developing all alumni, development, and public relations initiatives. Mr. Elizandro has also served in senior-level development positions at Pennsylvania State University, University of Missouri, and several other universities. He earned his bachelor's degree in sociology with a minor in political science at the University of Arkansas at Little Rock.

Catherine Flickinger, J.D., General Counsel. Catherine Flickinger, J.D., serves as general counsel at NYIT. She oversees all legal matters for the Institution. Before coming to NYIT in 2011, she was Executive Vice President, General Counsel &

Secretary at Hachette Filipacchi Media U.S. for more than 20 years. Prior to that, she was an Associate General Counsel at CBS Inc., after starting her career at the New York law firm, Cravath, Swaine & Moore. Ms. Flickinger earned her J.D. from Columbia University School of Law and her bachelor's degree from the University of Pennsylvania. In 2004, the New York County Lawyers' Association named Ms. Flickinger one of its 40 Outstanding Women of the Bar.

Patrick Love, Vice President for Student Affairs. Patrick Love aims to enhance student life across NYIT campuses to support cutting-edge programs and meet the needs of students today and tomorrow. Prior to joining NYIT, Mr. Love served as associate vice president for student affairs at Rutgers University. He has held high-level student affairs positions at Pace University and New York University, and is co-author of *Rethinking Student Affairs Practice*. Mr. Love earned a bachelor's degree in political science and an M.S./C.A.S. in counseling psychology and student development from SUNY Albany, as well as a Ph.D. in higher education and student affairs at Indiana University.

Ron Maggiore, Ph.D., Vice President for Enrollment. Ron Maggiore has enjoyed a long career in higher education, holding teaching positions in psychology and administrative responsibilities in institutional research and enrollment management. He first joined the faculty at American University in Washington, D.C., in its Department of Psychology. From there, he has held senior positions in institutional research and enrollment management in the United States and Canada. He came to NYIT in January 2014, from the Kwantlen Polytechnic University in British Columbia, Canada, where he served as vice provost for students. Dr. Maggiore has a bachelor's degree in psychology from the University of Massachusetts – Amherst, and a master's degree and Ph.D. in psychology from the University of Wisconsin – Madison. At NYIT, he is responsible for domestic, global, graduate, and international new student recruitment and admission, student financial aid, academic advising and enrichment, and the student support centers.

Peter C. Kinney, III, Chief of Staff. Peter Kinney is the President's Chief of Staff at NYIT, where he oversees the departments of Human Resources and Environmental Health and Safety. Kinney graduated from the U.S. Military Academy and served in the U.S. Army for 22 years, where his assignments included tours in the Federal Republic of Germany; Fort Carson-Colorado; graduate school at Harvard University; Fort Campbell-Kentucky; Saudi Arabia; Iraq; and the Army and Joint Staffs at the Pentagon. His last assignment before retiring from the military was at West Point where he served as Director of Cadet Activities. Mr. Kinney's civilian career included management responsibilities in the construction and security industries, and responsibilities supporting US Forces, the State Department and the CIA with translation and interpretation services before moving into academia.

Barbara Ross-Lee, D.O., FACOFP, Vice President for Health Sciences and Medical Affairs. After running a solo family medical practice in Detroit, Dr. Ross-Lee's academic career began at Michigan State University College of Osteopathic Medicine (MSU-COM) where she served as chair of the Department of Medicine and Associate Dean for Health Policy. In 1993, Dr. Ross-Lee became Dean of the Ohio University College of Osteopathic Medicine until she assumed her role as Dean of the School of Health Professions at NYIT in 2001 and Dean of NYITCOM in 2002. Beyond academia, Dr. Ross-Lee served as a commissioned officer in the U.S. Naval Reserves Medical Corps, achieving the rank of Captain. Today, she serves as the director of the American Osteopathic Association Health Policy Fellowship program and is a member of the Executive Committee of the National Osteopathic Medical Association. Dr. Ross-Lee also holds appointments on the Consensus Committee on the Governance and Financing of Graduate Medical Education and the Institute for the Advancement of Multicultural & Minority Medicine. Dr. Ross-Lee received her B.S. in biology and chemistry from Wayne State University in Detroit, a Master's degree in teaching special populations, and her medical degree from MSU-COM.

Academic Programs

NYIT offers traditional academic programs, online programs and accelerated programs for day, evening, and weekend students. The Institute also provides non-credit and continuing education programs. Undergraduate and graduate degree programs are offered at the New York Campuses and certain degree programs are offered at NYIT's International Sites. NYIT has become and expects to continue to be a leader in establishing educational programs abroad. In total, the Institute offers 93 degree programs. The Institute gives students from other countries opportunities to study in the U.S., and provides students in New York similar opportunities to study in Europe as well as in important emerging markets such as China and the Middle East. Students at each of the NYIT International Sites are taught in English, have the same courses and degree requirements, and receive the same NYIT diploma as students in New York.

NYIT's academic programs are organized into seven schools, each administered by a dean. The seven academic units are: School of Architecture and Design; College of Arts and Sciences; New York College of Osteopathic Medicine; School of Education; School of Engineering and Computing Sciences; School of Health Professions; and School of Management. NYIT's core curriculum is interdisciplinary and liberal arts-based, and promotes self-directed learning.

Students are taught communication skills, mathematical reasoning, critical thinking, teamwork, and technological literacy in a cross-disciplinary context, giving students competencies essential for personal and career advancement.

NYIT College of Osteopathic Medicine

The NYIT College of Osteopathic Medicine (NYITCOM), the first college of osteopathic medicine in New York, and one of the largest medical schools in the U.S. with over 1,200 students, has been dedicated to training osteopathic physicians for nearly 40 years. Founded in 1977, NYITCOM is a four-year, fully accredited professional program leading to the doctor of osteopathic medicine degree (D.O.). A D.O. is a complete physician, fully trained and licensed to prescribe medicine, perform surgery, and utilize manipulative treatment. The osteopathic philosophy of treating the whole person is applied to prevention, diagnosis, and treatment of illness, disease, and injury. The medical school has established an extensive clinical education network encompassing hospitals in New York, New Jersey and Connecticut. NYITCOM's Educational Consortium offers one of the largest arrays of post-doctoral training programs in the osteopathic profession.

In August 2016, NYITCOM will realize its planned expansion beyond the New York campus as it welcomes an inaugural class of 115 students to their first year of medical school at the newly renovated Wilson Hall on the Jonesboro campus of Arkansas State University. The new location features state-of-the-art technology linking students and faculty synchronously with NYITCOM in Old Westbury, New York. A new entering class of 115 will be added each year until the Arkansas facility reaches steady-state enrollment of 460 students. The curriculum and degrees awarded to NYITCOM students in Arkansas will be the same as are delivered to NYITCOM students in New York.

The College of Osteopathic Medicine's 6,900 alumni practice in a broad range of specialties and are affiliated with nationally recognized hospitals with outstanding teaching traditions. Graduates practice as surgeons, cardiologists, pediatric endocrinologists, OB/GYNs, psychiatrists, gastroenterologists, emergency medical physicians, orthopedists, internists, dermatologists, neurologists, radiologists, anesthesiologists, urologists, and family physicians.

OPERATING INFORMATION

Faculty

The faculty includes 342 full-time members teaching on the New York Campuses and at the NYIT International Sites, of whom 270 hold doctorates. In addition, NYIT has 704 part-time, or adjunct, faculty members. NYIT's relatively high ratio of part-time to full-time faculty gives NYIT flexibility to increase or decrease its faculty (and the costs related thereto) based upon the level of student enrollment. The tables below set forth the faculty profile as of Fall 2015:

<u>School</u>	<u>Full-time Faculty</u>	<u>Number Tenured</u>	<u>Number Holding Doctorates</u>
Arts & Sciences	99	68	79
Architecture & Design	29	19	3
Education	10	7	9
Engineering	50	28	40
Health Professions	31	16	22
Management	53	25	48
NYIT College of Osteopathic Medicine	69	2	69
English Language Institute (ELI)	<u>1</u>	<u>0</u>	<u>0</u>
Total	342	165	270

Note: Neither NYITCOM nor the NYIT International Sites grant tenure. The two tenured NYITCOM faculty have tenure from the College of Arts and Sciences. In addition, the terminal degree for Architecture and Interior Design is the Master's Degree.

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The following tables present ranking of the Institute’s full-time faculty and the number of part-time faculty at each school for Fall 2015:

	<u>Number</u>	<u>Distribution</u>
Professor	70	20.5%
Associate Professor	131	38.3%
Assistant Professor	129	37.7%
Instructor	<u>12</u>	<u>3.5%</u>
Total	342	100.0%

<u>School</u>	<u>Part-time Faculty</u>
Arts & Sciences	255
Architecture & Design	109
Education	40
Engineering	97
Health Professions	58
Management	78
NYITCOM	24
Other	<u>43</u>
Total	704

Part-time faculty members are primarily employed in outside specialties related to their instructional work at NYIT and bring their special knowledge and experience to students seeking careers in the same or similar field. While NYIT could be characterized as primarily a teaching institution, faculty are encouraged to pursue sponsored research and all faculty are required to carry out research to be promoted or given tenure. NYIT receives various instructional, training, and research grants.

Competition

NYIT competes with a number of private and public higher education institutions in the New York City metropolitan area, primarily based on the particular academic program. For example, several institutions in the region offer similar programs in engineering, computer science, management, and health professions. Competitors for these degrees include schools such as Adelphi University, City College and Hunter College of the City University of New York, Hofstra University, New York University, St. John’s University, and State University of New York’s Stony Brook University. The Institute’s School of Management has recently received accreditation from the AACSB, improving its standing among business schools and its attraction to potential students. The School of Health Professions offers professional programs in such high-demand fields as physician assistant studies, occupational and physical therapy, and nursing.

NYIT also has a strong reputation in disciplines in which the competition is more limited and the demand from employers and students is high. For example, a relatively small number of universities in the Northeast offer undergraduate degrees in architecture. Competitors in this field of study include the City College of the City University of New York, Cooper Union for the Advancement of Science and Art, and Pratt Institute.

Student Enrollments

NYIT students are highly career-oriented and often maintain full-time and part-time employment while they pursue their education. In some cases, they may take a semester off to work in order to assist in the funding of their education. Additionally, many NYIT students rely on some form of financial aid such as grants, loans or scholarships to assist in meeting the costs of higher education. Consequently, NYIT students frequently take longer to complete their degree requirements than do students at more traditional residential colleges. NYIT has been able to attract increasingly qualified students in recent years. Entering undergraduates for the 2015-2016 academic year averaged 1,172 on the SATs.

Student enrollment at NYIT for the complete academic years of 2010-11 through 2014-15 is presented in the following tables. The tables show both the actual number of full-time and part-time students and the Full-Time Equivalents (FTE) relating to such enrollment for the undergraduate and graduate divisions, and College of Osteopathic Medicine. The table on student enrollment also includes students enrolled at the NYIT International Sites.

For undergraduates, the FTE figure is a calculation of the total number of full-time students enrolled plus the total number of credits taken by part-time undergraduate students divided by 12. For graduate students, the total number of credits taken by students is divided by 9. FTE is intended to approximate the number of full-time undergraduate and graduate students who would be taking such credits, giving consideration to the course loads of part-time students. These figures include matriculated as well as non-degree students enrolled in credit-bearing courses for personal development or career advancement.

Total NYIT Student Enrollment for Academic Years

	2010-11	2011-12	2012-13	2013-14	2014-15
UNDERGRADUATE					
Full-time	6,496	6,065	5,782	5,167	4,685
Part-time	<u>1,159</u>	<u>1,010</u>	<u>897</u>	<u>681</u>	<u>539</u>
Total	7,655	7,075	6,679	5,848	5,224
Total FTE	7,135	6,692	6,322	5,665	5,076
Non-Degree					
Non-Degree Full-time	105	72	57	40	189
Non-Degree Part-time	<u>325</u>	<u>277</u>	<u>245</u>	<u>236</u>	<u>236</u>
Total Non-Degree	430	349	302	276	425
Total Non-Degree FTE	249	187	144	92	248
Total Undergraduate	8,085	7,424	6,981	6,124	5,649
Total Undergraduate FTE	7,384	6,879	6,466	5,757	5,324
GRADUATE					
Full-time	1,931	1,596	1,523	1,769	2,348
Part-time	<u>1,391</u>	<u>1,369</u>	<u>1,284</u>	<u>1,094</u>	<u>1,308</u>
Total	3,322	2,965	2,807	2,863	3,656
Total FTE	2,695	2,492	2,389	2,589	3,283
Non-Degree					
Non-Degree Full-time	70	22	7	4	6
Non-Degree Part-time	<u>210</u>	<u>124</u>	<u>77</u>	<u>69</u>	<u>111</u>
Total Non-Degree	280	146	84	73	117
Total Non-Degree FTE	143	66	33	32	46
Total Graduate	3,602	3,111	2,891	2,936	3,773
Total Graduate FTE	2,838	2,558	2,422	2,621	3,329
COLLEGE OF OSTEOPATHIC MEDICINE					
College of Osteopathic Medicine					
Full-time	<u>1,186</u>	<u>1,190</u>	<u>1,199</u>	<u>1,209</u>	<u>1,217</u>
Total College of Osteopathic Medicine FTE	1,186	1,190	1,199	1,209	1,217
TOTAL STUDENT ENROLLMENT					
Full-time	9,788	8,945	8,568	8,189	8,445
Part-time	<u>3,085</u>	<u>2,780</u>	<u>2,503</u>	<u>2,080</u>	<u>2,194</u>
Total Headcount	12,873	11,725	11,071	10,269	10,639
Total FTE	11,408	10,627	10,087	9,587	9,870

While the number of enrolled graduate students has increased 35% between academic years 2013-2014 and 2015-16, undergraduate enrollment has declined. Two major factors explain this decline. First, almost 45% of the decline is the result of closing the International Sites in Jordan and Bahrain and because NYIT was not permitted to enroll students in particular majors at its location in Nanjing, China as the result of NYIT's partner institution being required to secure certain education ministry approvals. The approvals from the ministry have been received and these programs will be enrolling students in Fall 2016. Operations at the NYIT International Sites may be subject to certain risks not present to the same degree or at all at the New York campuses. These risks include but are not limited to failure by NYIT's joint venture partners to perform in accordance with their respective agreements with NYIT, arbitrary actions by local or national governments, unanticipated political or social upheavals, and exchange rate risk in certain countries.

Next, enrollment at NYIT's New York campuses has declined as a result of the decline in students graduating from high schools on Long Island and, to a lesser extent, New York City, accompanied by a more competitive environment for students. In response, management has turned to new leadership to manage enrollment and implemented more aggressive recruitment and targeted financial aid strategies. NYIT has also launched a new web site and branding campaign to strengthen NYIT's presence and name recognition in the marketplace. Finally, NYIT is planning to add a campus commons and student residences to the Old Westbury campus to make the campus more attractive to commuters and assist in recruitment of students from outside the area.

New Student Enrollment - Undergraduate application and enrollment data for freshmen and transfer students and for graduate students at the New York Campuses only are presented in the tables below. Undergraduate and graduate data applications, acceptances, and enrollment data are not separately available at this time for NYIT's campuses in China, Abu Dhabi and Canada due to the way applications are processed in conjunction with partner universities at these locations. In late academic year 2013-14, NYIT engaged two consulting firms to more aggressively market NYIT's degree offerings to high school students and to better target institutional scholarships to particular students. As a result, undergraduate applications and acceptances increased 47% and 36%, respectively, by academic year 2015-16. Graduate student enrollments doubled from Fall 2013 to Fall 2015 for students interested in studying a STEM discipline or business at NYIT's New York Campuses.

**New Undergraduate Freshman and Transfer Student
Application and Enrollment for the New York Campuses for Academic Years***

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Applicants	7,381	8,394	6,920	10,278	10,159
Acceptances	5,010	5,588	5,074	6,579	6,925
% of applicants accepted	67.9%	66.6%	73.3%	64.0%	68.2%
Enrolled transfer students	509	497	425	390	384
Full-time	458	468	408	283	379
Part-time	51	29	17	7	5
Enrolled freshmen	952	1,005	926	939	849
Full-time	900	950	883	928	829
Part-time	<u>52</u>	<u>55</u>	<u>43</u>	<u>11</u>	<u>20</u>
Total enrolled freshmen/transfers	1,461	1,502	1,351	1,329	1,233
% of accepted enrolled	29.2%	26.9%	26.6%	20.2%	17.8%

* Data is as of October 31 for Fall term.

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Graduate Application and Enrollment for the New York Campuses for Academic Years*

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Applicants	4,565	4,563	5,160	8,133	8,913
Acceptances	1,976	1,973	2,268	3,287	3,732
% of applicants accepted	43.3%	43.2%	44.0%	40.4%	41.9%
Enrolled	668	652	789	992	1,067
% of accepted enrolled	33.8%	33.0%	34.8%	30.2%	28.6%

* Data is as of October 31 for Fall term.

Medical school enrollment. NYITCOM applications and enrollment at the New York campus for the academic years 2011-12 through 2015-16 are presented in the following table.

NYITCOM Application and First-Year Student Enrollment for Academic Years*

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Applicants	5,400	5,900	6,174	6,227	7,043
Acceptances	520	530	574	563	471
% of applicants accepted	10.0%	9.0%	9.3%	9.0%	6.7%
Enrolled	300	315	315	315	307
% of accepted enrolled	57.7%	59.0%	54.9%	56.0%	65.2%

* Data is as of October 31 for Fall term.

The following table summarizes average Scholastic Aptitude Test scores for entering freshman at the New York Campuses for academic years 2011-12 through 2015-16:

**SAT Scores for Entering Undergraduate
Freshman for the New York Campuses for Academic Years**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Average SAT Verbal	534	535	534	555	556
Average SAT Math	<u>586</u>	<u>593</u>	<u>593</u>	<u>611</u>	<u>616</u>
Total	1,120	1,128	1,127	1,166	1,172

Geographic distribution of students. NYIT attracts students to its New York Campuses from nearly all 50 states and 100 countries. As shown in the table below, more than 65% of undergraduate students at the New York Campuses are from the States of Connecticut, New Jersey, New York, and Pennsylvania, a large majority of which are from the New York metropolitan area. Approximately 2% are from other states and 33% are from other countries. However, approximately 67% of graduate students at the New York Campuses come from other countries, most of whom are students from India and other Asian countries enrolled in the School of Engineering and Computing Sciences. An additional 16% of graduate students come from Nassau and Suffolk Counties on Long Island, and 16% more are from New York City and the rest of the State, and the States of Connecticut, New Jersey, and Pennsylvania. The majority of NYITCOM students attending the Old Westbury campus come from the State.

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The table below shows the student profile for students at the New York Campuses for Fall 2015.

	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
Nassau and Suffolk Counties (New York)	30.0%	15.7%	24.3%
New York City	26.2	10.4	20.0
Rest of New York State, New Jersey, Pennsylvania, and Connecticut	9.4	5.1	7.7
Other states	1.6	1.6	1.6
Other countries (i.e., India and China)	<u>32.8</u>	<u>67.2</u>	<u>46.4</u>
Total	100.0%	100.0%	100.0%

Tuition, Fees and Financial Aid

The information under this subheading is for students attending the New York Campuses only.

Tuition and Fees - Tuition charges and the mandatory college fee, which covers a variety of educational services and co-curricular activities, for full-time undergraduate students are summarized in the following table:

Tuition and Fee Charges for Full-time Undergraduate Students at the New York Campuses for Academic Years

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Professional Programs	\$27,950	\$29,640	\$31,520	\$32,970	\$34,300
All Other Programs	\$27,290	\$28,880	\$30,780	\$32,180	\$33,480

The following table presents tuition charges for part-time undergraduate students.

Per Credit Tuition Charges for Part-time Undergraduates at the New York Campuses for Academic Years

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
All Programs	\$895	\$990	\$1,005	\$1,050	\$1,095

Graduate and NYITCOM student tuition charges are summarized in the following tables.

Per Credit Tuition Charge for Graduate Students at the New York Campuses for Academic Years

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
All Programs	\$930	\$990	\$1,050	\$1,100	\$1,155

Tuition Charges for College of Osteopathic Medicine for Academic Years

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Tuition	\$46,180	\$48,890	\$51,400	\$52,430	\$54,000
Fees, First Year	\$1,330	\$1,330	\$1,330	\$1,330	\$1,340

Although many students lease private apartments in New York City and Long Island, the Institute also leases residential facilities for students attending its Manhattan and Old Westbury campuses. NYIT leases 330 student beds on the State University of New York's Old Westbury campus and 270 student beds from private owners of student residential facilities in New York City. Room and board fees average \$12,830 and \$13,090 for the 2014-15 and 2015-16 academic years, respectively.

Financial Aid Programs - NYIT is committed to enabling the most qualified students from diverse backgrounds to enroll. Approximately 95% of undergraduate and graduate students attending NYIT in New York receive some form of financial aid aggregating \$181 million, including NYITCOM. Financial aid is awarded to students as a comprehensive package comprised of Federal, state, and NYIT-funded grants, scholarships, loans, and employment. NYIT awards academic

excellence scholarships in an effort to reward its continuing students and promote higher retention levels. Five-year histories of financial aid for the College of Osteopathic Medicine and all other New York undergraduate and graduate programs are presented below:

**Financial Aid Awarded to All Students for NYITCOM
for Fiscal Years Ended June 30
(\$000s)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Federal & alternative loans	\$58,423	\$60,391	\$60,117	\$60,029	\$64,861
Federal grants & programs	740	1,945	1,542	1,064	2,266
NYIT grants & scholarships	<u>3,789</u>	<u>2,431</u>	<u>2,781</u>	<u>3,307</u>	<u>2,989</u>
Total Awards	<u>\$62,952</u>	<u>\$64,767</u>	<u>\$64,440</u>	<u>\$64,400</u>	<u>\$70,116</u>

**Financial Aid Awarded to Undergraduate & Graduate Students for the New York Campuses
for Fiscal Years Ended August 31
(\$000s)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Federal & alternative loans	\$91,651	\$57,863	\$53,522	\$51,275	\$51,207
New York State Grants	5,099	5,244	5,116	4,658	4,493
Federal Programs	10,546	11,518	11,732	10,791	9,904
NYIT scholarships & other grants & loans	<u>31,971</u>	<u>43,104</u>	<u>48,203</u>	<u>52,955</u>	<u>45,677</u>
Total Awards	<u>\$139,267</u>	<u>\$117,729</u>	<u>\$118,573</u>	<u>\$119,679</u>	<u>\$111,281</u>

ANNUAL FINANCIAL STATEMENT INFORMATION

Selected Financial Data

NYIT prepares its financial statements on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America. See “APPENDIX B – CONSOLIDATED FINANCIAL STATEMENTS OF NEW YORK INSTITUTE OF TECHNOLOGY WITH INDEPENDENT AUDITORS’ REPORT THEREON” attached hereto.

The financial information below should be read in conjunction with the financial statements and accompanying notes and auditor’s report included therein. The tables below provide Consolidated Statements of Financial Position and the Consolidated Statement of Unrestricted Activities of the Institute for the five fiscal years ended August 31, 2011, 2012, 2013, 2014, and 2015.

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New York Institute of Technology
Consolidated Statements of Financial Position
Fiscal Years Ended August 31,
(\$000)

Assets	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash and cash equivalents	\$47,572	\$40,836	\$29,381	\$34,777	\$36,144
Investments, at FV	52,910	55,699	62,639	70,323	68,661
Grants receivable	3,364	1,389	3,898	6,104	15,909
Student accounts receivable, net	4,309	4,853	3,884	3,187	3,914
Student loans receivable, net	12,554	11,817	10,311	11,424	11,436
Contributions receivable, net	142	119	1,834	2,388	1,813
Investments in real estate, at FV	40,110	41,928	41,055	41,941	31,234
Other assets	6,928	7,425	7,164	6,055	4,585
Funds held in trust	17,784	17,791	15,933	15,988	7,937
Property, plant and equipment, net	<u>135,266</u>	<u>146,294</u>	<u>148,681</u>	<u>152,327</u>	<u>142,607</u>
Total assets	<u>\$320,939</u>	<u>\$328,151</u>	<u>\$324,780</u>	<u>\$344,514</u>	<u>\$324,240</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued liabilities	\$39,308	\$43,727	\$40,310	\$44,721	\$37,019
Deferred tuition revenues	48,179	49,301	52,385	58,080	57,008
Refundable grants/US gov't loan funds	14,594	14,688	14,783	15,298	16,427
Postretirement health benefits	37,655	45,636	9,467	9,839	9,582
Bonds payable	<u>88,059</u>	<u>83,724</u>	<u>79,237</u>	<u>74,559</u>	<u>60,733</u>
Total liabilities	\$227,795	\$237,076	\$196,182	\$202,497	\$180,769
Net assets					
Unrestricted	\$91,411	\$86,795	\$122,034	\$134,032	\$136,725
Temporarily restricted	1,154	3,649	4,591	5,859	4,311
Permanently restricted	<u>579</u>	<u>631</u>	<u>1,973</u>	<u>2,126</u>	<u>2,435</u>
Total net assets	<u>\$93,144</u>	<u>\$91,075</u>	<u>\$128,598</u>	<u>\$142,017</u>	<u>\$143,471</u>
Total liabilities and net assets	<u>\$320,939</u>	<u>\$328,151</u>	<u>\$324,780</u>	<u>\$344,514</u>	<u>\$324,240</u>

**New York Institute of Technology
Statements of Unrestricted Activities
Fiscal Years Ended August 31,
(\$000)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating revenues					
Tuition and fees	\$234,242	\$231,200	\$235,767	\$243,816	\$264,689
Less: Scholarships and fellowships	<u>(34,303)</u>	<u>(36,072)</u>	<u>(40,207)</u>	<u>(42,331)</u>	<u>(44,344)</u>
Net tuition and fees	199,939	195,128	195,560	201,485	220,345
Grants and contracts	2,291	3,109	3,871	5,887	3,777
Government appropriations	731	728	707	661	653
Contributions	1,225	1,008	2,109	1,007	786
Educational activities	1,364	1,904	1,898	2,055	2,543
Other sources	3,394	2,884	3,672	4,105	9,898
Sales and services of auxiliaries	12,863	13,939	14,425	14,151	18,517
Investment return, net	4,805	3,292	3,063	6,994	(2,471)
Net assets released from restriction	<u>140</u>	<u>39</u>	<u>251</u>	<u>192</u>	<u>588</u>
Total operating revenues	<u>\$226,752</u>	<u>\$222,031</u>	<u>\$225,556</u>	<u>\$236,537</u>	<u>\$254,636</u>
Operating expenses					
Instruction	\$101,206	\$100,146	\$104,611	\$96,991	\$102,352
Research, training and public service	7,705	8,771	10,443	11,699	11,951
Academic support	13,411	13,305	13,472	13,883	16,012
Student services	21,317	21,619	21,560	23,333	24,015
Auxiliary enterprises	<u>28,967</u>	<u>28,831</u>	<u>28,941</u>	<u>29,160</u>	<u>17,732</u>
Total program services	172,606	172,672	179,027	175,066	172,062
Supporting services – institutional support	<u>47,389</u>	<u>51,792</u>	<u>45,396</u>	<u>48,220</u>	<u>62,596</u>
Total operating expenses	<u>\$219,995</u>	<u>\$224,464</u>	<u>\$224,423</u>	<u>\$223,286</u>	<u>\$234,658</u>
Change in net assets from operations	<u>\$6,757</u>	<u>(\$2,433)</u>	<u>\$1,133</u>	<u>\$13,251</u>	<u>\$19,978</u>
Nonoperating activities					
Unrealized gain (loss) on investments real estate	\$388	\$1,818	(\$873)	\$886	\$1,261
Postretirement changes other than net periodic	<u>(3,292)</u>	<u>(4,001)</u>	<u>34,980</u>	<u>(2,139)</u>	<u>(1,573)</u>
Change in net assets from non-op activities	<u>(2,904)</u>	<u>(2,183)</u>	<u>34,107</u>	<u>(1,253)</u>	<u>(312)</u>
Change in net assets	<u>\$3,853</u>	<u>(\$4,616)</u>	<u>\$35,240</u>	<u>\$11,998</u>	<u>\$19,666</u>
Net Assets					
Beginning of year	-	-	-	-	\$134,032
Prior period adjustment	-	-	-	-	<u>(16,973)</u>
Beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,059</u>
End of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$136,725</u>

Certain amounts in the fiscal years 2011 to 2014 have been reclassified to conform to the fiscal year 2015 presentation.

FINANCIAL OPERATIONS

Management's Discussion of Financial Operations

In fiscal year 2015, the Institute installed new senior level accounting managers and hired new auditors. As a result of accounting reviews by the accounting staff and auditors, the Institute included the following prior period adjustments in its financial statements for the year ended August 31, 2015:

- Opening unrestricted net assets decreased by \$11.968 million to reduce the market value of certain real property on the Old Westbury campus. Prior year financial statements reported the property as an investment but its current operational usage requires accounting recognition at its fully depreciated historic book value.
- Opening unrestricted net assets decreased by \$7.410 million to reflect additional depreciation expense for certain fixed assets due primarily to a reduction in the original useful life assigned to these assets.
- An increase to opening unrestricted net assets of \$1.685 million reflects a reduced present value of future liabilities associated with asbestos removal across all New York campuses.
- In accordance with donor restrictions, the opening value of unrestricted net assets increased by \$0.720 million and a corresponding decrease was made to temporarily restricted net assets.

In summary, total net assets at August 31, 2014 were reduced by \$17.693 million; \$1.9 million of the adjustment was attributable to fiscal year 2014, and the remainder attributable to prior fiscal years. The adjustments had no impact on the Institute's cash, investments, or liquidity. The corrections are non-recurring, and did not have a negative impact on operating results for fiscal year 2015.

Another update in accounting models in fiscal 2015 resulted in sizable shifts among the operating expense categories as compared to prior years. The allocation methodology for overhead charges (primarily depreciation, utilities, security, and general facilities maintenance costs) was updated using recent statistics regarding personnel, space usage, and square footage by campus. The primary effect of the changes to the functional expense model resulted in a significant reduction in costs attributed to auxiliary enterprises, and offsetting cost increases allocated to instruction, academic support, and institutional support expenses. The update to the model for functional expense allocation had no effect on the operating expenses as a whole.

In fiscal 2013, the Institute restructured its post-retirement benefit plan as part of its faculty union negotiations. The union agreed to change the payment of post-retirement benefits for existing employees to a fixed reimbursement model, effective on January 1, 2013. No employee hired after September 1, 2013 is eligible for post-retirement medical benefits under the plan. As a result, the Institute realized a reduction in the post-retirement benefit obligation of \$34.272 million in non-operating expenses in fiscal 2013. That amount is amortized into operating expenses over the remaining working lives of the affected employees.

From fiscal years 2011 to 2013, there was no significant growth in tuition at the Institute as it experienced a decline in domestic student enrollments and the closing of two foreign campuses. From fiscal years 2013 to 2015, both gross and net tuition revenues increased by more than 12% due to both tuition rate increases and rising enrollments, particularly in graduate level programs.

Recent credit reports issued by two national agencies remark upon the following challenges facing the Institute:

- a high reliance on tuition charges (91% of FY 2015 operating revenues) in a highly competitive market;
- limited financial flexibility due to modest amount of flexible reserves and days cash on hand;
- a relatively complex business model with improving internal controls and financial reporting; and
- limited fundraising history.

Investments

The Institute has funds invested in diverse financial vehicles which include money market, mutual funds, debt, equity, hedge funds, limited partnership interests and real estate. The Investment Committee of the Board of Trustees oversees the Institute's investments and the Committee meets at least twice a year to review investment performance and current allocations against NYIT's investment policy. The Investment Committee reviews the investment policy periodically and presents any changes to the full Board of Trustees for approval.

Since 2013, the Investment Committee has engaged JP Morgan's Endowments & Foundations Group ("JPM") to act as custodian and chief investment advisor for the Institute's investment portfolio. The JPM team reports to the Investment

Committee. Working directly with the Investment Committee, JPM follows the Investment Committee's directives on investment strategy for the overall investment pool. In line with that strategy, JPM researches and analyzes various investment opportunities and identifies talented alternative investment managers. JPM then brings their recommendations to the Committee for consideration and/or approval. On the Institute's behalf, JPM performs a thorough due diligence process, including a review of both quantitative and qualitative factors. Documentation of that research, along with opportunities for questions and answers with the JPM team and the investment manager, are made available as desired by the Committee.

The Institute's Investment Committee is solely responsible for making all investment decisions. The Institute receives monthly investment reports from JPM and quarterly reports directly from fund managers. If the Investment Committee believes that a fund is under-performing or no longer fits in with the Institute's investment strategy, the Committee will make an assessment as to whether or not to keep the investment as permitted by the investment entrance and liquidation restrictions. To ensure that the valuing of alternative investments is performed properly, the Institute receives audited financial statements of the specific funds. In most cases, the year-ends of these funds are December 31st. Since the Institute's year end is August 31st, the Institute performs other procedures to ensure the valuation from December through August is rolled forward properly. In certain cases, the funds are required to submit K-1s, which the Institute obtains and reviews for reasonableness.

The table below shows fair market value by investment class for the five years ended August 31:

**Investments at Fair Market Value
Fiscal Years Ended August 31
(\$000's)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Money market	\$4,439	\$6,633	\$2,737	\$5,115	\$2,754
Mutual funds	-	-	7,221	6,922	18,430
Common stock	24,529	20,276	20,983	25,663	24,347
Corporate bonds	2,944	14,401	12,917	12,759	2,128
U. S government securities	11,139	4,287	-	-	-
Hedge funds	-	-	13,977	15,759	15,877
Partnership and other	<u>9,859</u>	<u>10,102</u>	<u>4,804</u>	<u>4,105</u>	<u>5,125</u>
Total investments	<u>\$52,910</u>	<u>\$55,699</u>	<u>\$62,639</u>	<u>\$70,323</u>	<u>\$68,661</u>

As of June 30, 2016, based upon the most recent reports available to the Institute, total investment fair market value was approximately \$69.4 million.

Endowment

The Institute's endowment consists of Board-designated funds and donor-restricted funds established for a variety of purposes. Assets of the endowment include investments, real estate, and pledges for future payments on donor-restricted gifts. Net assets associated with the endowment funds are classified based on the existence or absence of donor-imposed restrictions. The Institute complies with the version of the Uniform Prudent Management of Institutional Funds Act as adopted by the State in September 2010.

Apart from the real estate and pledges, endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment manager costs of at least 5% over the long term. To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends.) Actual returns in any given year may vary from this amount. The endowment distribution is at the discretion of the Board of Trustees and is not based on a specific formula, nor is it directly tied to current investments returns. The August 31, 2014 endowment balance was restated to \$100.551 million as a result of the accounting adjustments made to investments in real estate during the audit for the year ended August 31, 2015.

Endowment Net Assets
Fiscal Years Ended August 31
(\$000's)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Unrestricted – Board designated	\$93,020	\$97,627	\$100,080	\$107,621	\$95,389
Temporarily-restricted	24	2,541	3,077	3,513	3,304
Permanently-restricted	579	630	1,973	2,126	2,435
Total endowment	<u>\$93,623</u>	<u>\$100,798</u>	<u>\$105,130</u>	<u>\$113,260</u>	<u>\$101,128</u>

Fundraising

The Institute receives contributions for current and future operations. Contributions with purpose or time restrictions that are met in the current period are recognized as increases in unrestricted net assets. Contributions subject to donor-imposed restrictions that the corpus be permanently maintained are recognized as increases in permanently restricted net assets. Promises to give are recognized as gift income in the year of the original gift promise, net of a present valuation discount and an allowance for uncollectible contributions. The following table presents net contributions to the Institute for the five years ended August 31:

Contributions
Fiscal Years Ended August 31
(\$000's)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contributions	\$1,306	\$3,547	\$4,343	\$2,025	\$974

The NYIT Development Office's new leadership and staff and a more active Board have joined to reinvigorate the Institute's fundraising efforts.

Property, Plant and Equipment

The Institute currently operates academic programs at two locations in New York—Manhattan and Old Westbury in Nassau County. The Institute also operates a certificate program for young people with learning difficulties at a site owned by NYIT in Central Islip in Suffolk County. Property, plant and equipment at the Institute's International Sites abroad are owned and maintained by the Institute's joint venture partners.

The Institute's campus in Old Westbury is on approximately 220 acres with 30 buildings containing 548,000 square feet. In addition to academic and student facilities, the Old Westbury campus is the primary location for the Institute's administrative functions. In Manhattan, the Institute owns two buildings and leases additional space for a total of 187,000 square feet devoted to academic and student activities. The Central Islip site totals approximately 150 acres, and is the location for a few Institute programs. Space is also leased to other educational institutions and not-for-profit programs. The following table presents property, plant, equipment and accumulated depreciation for the five years ended August 31:

Property, Plant, and Equipment
Fiscal Years Ended August 31
(\$000's)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Land	\$4,799	\$4,799	\$4,799	\$4,799	\$4,799
Buildings and leasehold improvements	162,817	179,702	194,067	198,801	199,144
Machinery, equipment, furniture and fixtures	74,208	80,344	85,837	95,018	63,107
Library books	4,942	5,278	5,609	5,980	3,257
Constructions in progress	<u>12,148</u>	<u>12,077</u>	<u>7,590</u>	<u>11,177</u>	<u>8,583</u>
	258,914	282,200	297,902	315,775	278,890
Less: Accumulated depreciation	<u>(123,648)</u>	<u>(135,906)</u>	<u>(149,221)</u>	<u>(163,448)</u>	<u>(136,283)</u>
Total	<u>\$135,266</u>	<u>\$146,294</u>	<u>\$148,681</u>	<u>\$152,327</u>	<u>\$142,607</u>

Insurance

The Institute maintains a program of risk and insurance protection covering its assets and operations and management of all owned or leased facilities. This insurance coverage includes general liability, all-risk property insurance including business interruption, automobile, crime, workers' compensation, directors' and officers' liability, and other insurance. A risk management and loss prevention structure is coordinated at the New York Campuses.

The Institute also requires that all students attending the New York Campuses from abroad purchase health insurance; that all students living in dormitories leased or owned by the Institute demonstrate they have medical insurance coverage acceptable to the Institute or purchase such insurance through the Institute.

All insurance coverage is reviewed annually by the Institute's Vice President for Financial Affairs, General Counsel, Controller and Risk Manager, in conjunction with the Institute's insurance consultant.

Outstanding Indebtedness

Upon issuance of the Series 2016A Bonds, they will represent the Institute's only long-term debt. The Series 2016A Bonds, along with other available Institute funds, will refinance all of the Institute's currently outstanding Nassau County Industrial Development Agency Civic Facility Revenue and Refunding Bonds (2000 New York Institute of Technology Project) and Suffolk County Industrial Development Agency Civic Facility Refunding Revenue Bonds (2000 New York Institute of Technology Project) Series 2000A.

The Institute has one unsecured line of credit of \$6,000,000 with a commercial bank. The line is subject to annual renewal with consent from both parties. As of June 30, 2016, \$1,055,935 is reserved for open Standby Letters of Credit for security deposits that expire April 1, 2026, and the net amount available for borrowing is \$4,944,065.

Retirement Plan

The Institute has a contributory defined contribution retirement plan for substantially all full-time employees. Contributions are based on a percentage of the participants' salaries. Total pension costs under this plan for the five years ended August 31 are (in \$000's):

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$5,187	\$5,457	\$5,674	\$5,791	\$5,941

Labor Relations

As of July 27, 2016 there are 1,063 full-time U.S. academic, other professional, and support staff employees (excluding part-time employees and adjunct faculty) of whom about 332 are represented by three unions. The American Association of University Professors ("AAUP") represents full-time and regular part-time faculty on the New York Campuses, except for NYITCOM and the Vocational Independence Program. The current contract between NYIT and AAUP extends through August 31, 2017.

Facilities personnel are members of Building Material Teamsters Local 282 of the International Brotherhood of Teamsters and their contract with NYIT extends through August 31, 2018. The custodial staff is represented by Local 32BJ of the Service Employees International Union and their contract with NYIT extends through December 31, 2019. None of the estimated 77 full-time faculty and staff outside the United States are represented by unions. The Institute considers relations with its employees to be very good.

Litigation and Contingent Liabilities

NYIT is a party in certain pending civil lawsuits claiming damages in connection with contractual and other matters. NYIT does not currently expect the resolution of any pending or threatened disputes, singly or in the aggregate, to have a material adverse effect upon the financial position or operations of the Institute or its ability to fulfill its obligations under the Loan Agreement.

PART 6 – BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2016A Bonds. Such discussion is not exhaustive, should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2016A Bonds should analyze carefully the information contained in this Official Statement, including the

appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

General

The Series 2016A Bonds are payable from payments to be made by the Institute under the Loan Agreement. The ability of the Institute to comply with its obligations under the Loan Agreement depends primarily upon the ability of the Institute to continue to attract sufficient tuition-paying students to its educational programs, to obtain sufficient revenues from related activities and to maintain sufficient creditworthiness. The Institute expects that revenues derived from its ongoing operations, together with other available resources, will at all times be sufficient to make the required payments on the Loan Agreement and the Institute will covenant under the Loan Agreement to make all such payments when due. There are certain risks, however, which might prevent the Institute from obtaining sufficient revenues from tuition and other sources to meet all of its obligations, including its obligations under the Loan Agreement. Purchasers of the Series 2016A Bonds should bear in mind that the occurrence of any number of events could adversely affect the ability of the Institute to generate such revenues. Future economic, demographic and other conditions, including the demand for educational services, the ability of the Institute to provide the services required by students, economic developments in the New York area and competition from other educational institutions, together with changes in costs, may adversely affect revenues and expenses and, consequently, the ability of the Institute to provide for payments. The future financial condition of the Institute could also be adversely affected by, among other things, legislation and regulatory actions, and a number of other conditions which are unpredictable.

Financial Assistance

The amount of available financial assistance is a significant factor in the decision of many students to attend a particular college or university. During the 2015-2016 academic year, approximately 95% of the Institute's students enrolled in New York receive some form of financial assistance through the Institute. The level of financial assistance is directly affected by funding levels of federal, state and other financial aid programs. Any significant reduction in the level of financial assistance offered to prospective students could reduce the number of students enrolling at the Institute.

Investment Income

The Institute's investment program for endowment and similar funds operates under an investment policy statement and guidelines established by the Board, which delegates direct oversight for the investment program to the Investment Committee of the Board. The consolidated endowment pool is managed by external money managers appointed for the purpose by the Investment Committee. Although the unrestricted portion of the Institute's endowment funds and the payout therefrom are available for debt service payments on the Series 2016A Bonds, no assurance can be given that unforeseen developments in the securities markets will not have an adverse effect on the market value of those investments and the income generated therefrom.

Fund Raising

The Institute raises funds to finance its operations and capital development programs from a variety of benefactors. Although it plans to continue those efforts in the future, there can be no assurance that those efforts will be successful. Such efforts may be adversely affected by a number of factors, including general economic conditions and tax law changes affecting the deductibility of charitable contributions.

Government Funding

The federal and state governments provide funding to support education, including tuition assistance. These sources of funding and the governmental programs that support them have been and will continue to be subject to modification and revision due to state and federal policy decisions, legislative action and government funding limitations. The financial condition of the Institute could be adversely affected by these actions and the ability of the Institute to maintain its creditworthiness will be based on its ability to successfully manage the outcome of any such actions.

Risks as Employer

The Institute is a major employer, combining a complex mix of tenured and untenured full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the Institute bears a wide variety of risks in connection with its employees. These risks include discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or

between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

Changes in Law

Changes in law may impose new or added financial or other burdens on the operations of the Institute. Developments may include: (i) legislative or regulatory requirements for maintaining status as an organization exempt from taxation as described in Section 501(c)(3) of the Code; or (ii) challenges to State and local exemptions from real property tax and other taxes. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations will not materially adversely affect the operations and financial condition of the Institute by requiring it to pay income or real property taxes (or other *ad valorem* taxes).

Additional Bonds

Additional Bonds may be issued under the Resolution and although separately secured, each applicable Loan Agreement may be secured on a parity with the Series 2016A Bonds subject to compliance with the conditions contained in the Loan Agreement. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

Additional Indebtedness

The Institute may issue, incur or assume additional indebtedness without limitation, subject to compliance with the conditions contained in the Loan Agreement. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS – Covenants” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.” Subject to compliance with such conditions, such Indebtedness may be secured by liens on the Pledged Revenues or the Mortgaged Property or both that are either subordinate to or of equal priority with the liens thereon securing the Institute’s obligations under the Loan Agreement. In addition, any such Indebtedness may be secured by a mortgage on or security interest in property not now securing the Loan Agreement of the Institute without granting to DASNY any security interest in such property to secure the Institute’s obligations under the Loan Agreement. In the event of a default under any debt instrument secured by such property, the holder or trustee under such debt instrument will have the right to foreclose the lien on such property, and apply the money so collected to the payment of amounts due under such debt instrument. Any money so collected and applied will not be available for satisfying any of the Institute’s obligations under the Loan Agreement.

Certain Matters Relating to Enforceability of the Resolution and Loan Agreement

The obligation of the Institute to make payments on the Loan Agreement will be limited as the obligations of debtors typically are affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or by equitable principles affecting the enforcement of creditors’ rights. If the Institute filed for the reduction of its debts in a proceeding under the federal Bankruptcy Code, the court could approve provisions modifying, eliminating or altering the rights of creditors generally, or any class of them, secured or unsecured. If the Institute should file a plan of reorganization (“Plan”), when confirmed by the court, such Plan binds all creditors who had notice or knowledge of the Plan and discharges all claims against the debtor as provided for in the Plan. No Plan may be confirmed unless certain conditions are met, among which are that the Plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the Plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the Plan are cast in its favor. Even if the Plan is not so accepted, it may be confirmed if the court finds that the Plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

In addition, there exists common law authority and authority under State statutes for the ability of the State courts to terminate the existence of a not-for-profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court’s own motion or pursuant to a petition of the State Attorney General or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

Secondary Market for the Series 2016A Bonds

There can be no assurance that there will be a secondary market for purchase or sale of the Series 2016A Bonds. From time to time there may be no market for the Series 2016A Bonds depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the Institute’s capabilities and the financial condition and results of operations of the Institute.

No Debt Service Reserve Fund for the Series 2016A Bonds

The Series 2016A Bonds are secured as provided in “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016A BONDS.” The Resolution permits, but does not require, the establishment of a debt service reserve fund to secure Bonds issued thereunder. There is no debt service reserve fund securing the Series 2016A Bonds. In the event that a debt service reserve fund is hereafter established for a Series of Bonds hereafter issued under the Resolution, such debt service reserve fund will secure only such Series of Bonds and will not secure the Series 2016A Bonds.

PART 7 – THE REFUNDING PLAN

A portion of the proceeds of the Series 2016A Bonds, together with other available money, including approximately \$10,000,000 of Institute funds and releases of funds from the debt service funds and debt service reserve funds relating to the Refunded Bonds, will be deposited, in trust, with the respective trustees for the Refunded Bonds and will be invested in direct obligations of the United States of America or such other investments as are permitted by the respective resolutions pursuant to which the Refunded Bonds were issued (the “Defeasance Securities”). The amount so deposited will be sufficient, together with the interest earnings on the Defeasance Securities, to pay, when due, the principal or redemption price of, and the interest to become due on, the Refunded Bonds on or prior to their respective maturity or redemption dates. Simultaneously with such deposit, the respective issuers will give the respective trustees for the Refunded Bonds irrevocable instructions to hold the money so deposited in trust, to give notice of the redemption of the Refunded Bonds to be redeemed, and to apply the money so held to the payment when due of the principal or redemption price of and interest to become due on the Refunded Bonds on and prior to their respective maturity or redemption dates.

The Refunded Bonds consist of the outstanding principal amount of the Nassau County Industrial Development Agency Civic Facility Revenue and Refunding Bonds (2000 New York Institute of Technology Project) and the Suffolk County Industrial Development Agency Civic Facility Refunding Revenue Bonds (2000 New York Institute of Technology Project) Series 2000 A. The maturities, respective principal amounts of the Refunded Bonds to be refunded, and the redemption price and redemption date of the Refunded Bonds are set forth in “APPENDIX F – REFUNDED BONDS.”

PART 8 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Estimated Sources of Funds

Principal Amount of Series 2016ABonds.....	\$47,910,000.00
Other Available Moneys	
Institute Funds.....	10,000,000.00
Debt Service Fund for Refunded Bonds.....	1,614,030.73
Debt Service Reserve Fund for Refunded Bonds.....	<u>6,066,543.99</u>
Total Sources.....	<u>\$65,590,574.72</u>

Estimated Uses of Funds

Refunding Escrow Deposit.....	\$64,688,785.28
Costs of Issuance ⁽¹⁾	580,774.98
Underwriters’ Discount.....	<u>321,014.46</u>
Total Uses.....	<u>\$65,590,574.72</u>

⁽¹⁾ Includes legal fees and associated costs relating to the Series 2016A Bonds.

PART 9 – 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 June 30, 2016, DASNY had approximately \$48 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 45 field sites across the State.

Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by

the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. The appointment by the Speaker of the State Assembly and one of the appointments to the Board by the Governor are 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 term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

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

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

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 May 9, 2016. He is Counsel and Project Executive for “Arverne by the Sea,” where he is responsible for advancing and overseeing all facets of “Arverne by the Sea,” one of New York City’s largest mixed-use developments located in Queens, New York. Mr. 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.

MARYELLEN ELIA, *Commissioner of Education of the State of New York*, Loudonville; *ex-officio*.

MaryEllen Elia was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective July 6, 2015. As Commissioner of Education, Ms. Elia serves as Chief Executive Officer of the State Education Department and as President of the University of the State of New York which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Prior to her appointment in New York, Ms. Elia served as Superintendent of Schools in Hillsborough County, Florida for 10 years. She began her career in education in 1970 as a social studies teacher in Buffalo’s Sweet Home Central School District and taught for 19 years before becoming an administrator. She holds a Bachelor of Arts degree in History from Daemen College in Buffalo, a Master of Education from the University at Buffalo and a Master of Professional Studies from SUNY Buffalo.

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

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

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

Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. He is responsible for the overall development and management of the State’s fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State’s debt portfolio. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master’s degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

The principal staff of DASNY is as follows:

GERRARD P. BUSHHELL is the President and chief executive officer of DASNY. Mr. Bushell is responsible for the overall management of DASNY’s administration and operations. Prior to joining DASNY, Mr. Bushell was Director, Senior Institutional Advisor of BNY Mellon’s alternative and traditional investment management businesses. Prior thereto, he held a number of senior advisory roles, including Director, Client Partner Group at Kohlberg Kravis Roberts & Co. (KKR), Managing Director, Institutional Sales at Arden Asset Management LLC and Head of Institutional Sales at ClearBridge: a Legg Mason Company (formerly Citi Asset Management). Mr. Bushell previously served as Director of Intergovernmental Affairs for New York State Comptroller H. Carl McCall. Mr. Bushell holds a Bachelor of Arts degree, Master of Arts degree and Ph.D. in Political Science from Columbia University.

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 of Arts degree in Economics from the State University of New York at Plattsburgh and a Master of Arts degree in Business Administration from the University of Massachusetts.

KIMBERLY J. NADEAU is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Nadeau is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, budget, payroll, and insurance, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. She previously was Vice President-Accounting and Controller for US Light Energy. Prior to that she was Vice President-Accounting and Controller for CH Energy Group, Inc. and held various positions culminating in a director level position at Northeast Utilities. Ms. Nadeau also held various positions with increasing responsibility at Coopers & Lybrand LLP. She holds a Bachelor of Science degree in Accounting, a Master of Business Administration with a concentration in Management and a Juris Doctor degree from the University of Connecticut. She is licensed to practice law in New York and Connecticut.

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 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.

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

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

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

CAPRICE G. SPANN is the Managing Director of Specialized Services and Client Solutions. Ms. Spann is responsible for overseeing information services, environmental services, real property management and the integration of sustainability programs with respect to DASNY's projects and in its business processes. She holds a Bachelor of Arts degree from the University of Wisconsin and a Master of Business Administration from Fordham University.

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, 2016. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 10 – LEGALITY OF THE SERIES 2016A BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2016A 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 2016A Bonds may be deposited with the State Comptroller to secure deposits of State money in banks, trust companies and industrial banks.

PART 11 – NEGOTIABLE INSTRUMENTS

The Series 2016A 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 2016A Bonds.

PART 12 – TAX MATTERS

In General

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2016A Bonds. The summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2016A Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may

affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2016A Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Series 2016A Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2016A Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2016A Bonds.

The Issuer has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders

As used herein, the term “U.S. Holder” means a beneficial owner of Series 2016A Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Series 2016A Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Series 2016A Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2016A Bonds.

Federal Taxation of Interest Generally

Interest on the Series 2016A Bonds is not excluded from gross income for federal income tax purposes under Code section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase Series 2016A Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2016A Bonds. In general, interest paid on the Series 2016A Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Series 2016A Bonds and capital gain to the extent of any excess received over such basis.

State Taxes

Nixon Peabody LLP and Drohan Lee LLP, Co-Bond Counsels, are of the opinion that, by virtue of the Act, interest on the Series 2016A Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers. Co-Bond Counsels express no opinion as to other state or local tax law consequences arising with respect to the Series 2016A Bonds nor as to the taxability of the Series 2016A Bonds or the income derived therefrom under the laws of any state other than the State of New York.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2016A Bonds issued with original issue discount (“2016A Discount Bonds”). A Series 2016A Bond will be treated as having been issued at an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2016A Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Bond’s “stated redemption price at maturity” is the total of all payments provided by the Series 2016A Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is

unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a 2016A Discount Bond is the sum of the “daily portions” of original issue discount with respect to such Series 2016A Bond for each day during the taxable year in which such holder held such Bond. The daily portion of original issue discount on any 2016A Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a 2016A Discount Bond at the beginning of any accrual period is the sum of the issue price of the 2016A Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Series 2016A Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the Series 2016A Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

Any owner who purchases a Series 2016A Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2016A Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a Series 2016A Bond who acquires such Series 2016A Bond at a market discount also may be required to defer, until the maturity date of such Series 2016A Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2016A Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2016A Bond for the days during the taxable year on which the owner held the Series 2016A Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2016A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Bond Premium

A purchaser of a Series 2016A Bond who purchases such Series 2016A Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2016A Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2016A Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Series 2016A Bonds who acquire such Series 2016A Bonds at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such Series 2016A Bonds.

Surtax on Unearned Income

Recently enacted legislation generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this legislation in their particular circumstances.

Sale or Redemption of Bonds

A Bondholder's adjusted tax basis for a Series 2016A Bond is the price such owner pays for the Series 2016A Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2016A Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Bond, measured by the difference between the amount realized and the Bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2016A Bond is held as a capital asset (except in the case of Series 2016A Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the Series 2016A Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the Series 2016A Bonds may also result in a deemed sale or exchange of such Series 2016A Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF SERIES 2016A BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE SERIES 2016A BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2016A BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series 2016A Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the Issuer or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10-percent or more of the voting equity interests of the Issuer, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Issuer (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Issuer, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Series 2016A Bonds must certify to the Issuer or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Issuer or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2016A Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2016A Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2016A Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2016A Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018 (see IRS Notice 2015-66), gross proceeds of the sale of the Series 2016A Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, Bondholders or beneficial owners of the Series 2016A Bonds shall have no recourse against the Issuer, nor will the Issuer be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2016A Bonds.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2016A Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2016A Bonds are outstanding, the Issuer, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Issuer, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the Series 2016A Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Issuer, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under “—Non-U.S. Holders” above), or has otherwise established an exemption (provided that neither the Issuer nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Series 2016A Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2016A Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2016A Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2016A BONDS.

Considerations for ERISA and other U.S. Benefit Plan Investors

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental and non-electing church plans are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Series 2016A Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of applicable federal and state law.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; and (3) an employer or employee organization any of whose employees or members are covered by the plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding or transfer of the Series 2016A Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of the Issuer would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code only if the Benefit Plan acquires an "equity interest" in the Issuer and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity

features. Although there can be no assurances in this regard, it appears that the Series 2016A Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2016A Bonds, including the reasonable expectation of purchasers of Series 2016A Bonds that the Series 2016A Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Series 2016A Bonds for ERISA purposes could change subsequent to issuance of the Series 2016A Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the Series 2016A Bonds or a characterization of the Series 2016A Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Series 2016A Bonds or any interest therein by a Benefit Plan Investor is prohibited.

However without regard to whether the Series 2016A Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2016A Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer or the Issuing and Paying Agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2016A Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2016A Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2016A Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2016A Bond (or interest therein) with the assets of a Benefit Plan Investor, governmental plan or church plan; or (ii) the acquisition and holding of the Series 2016A Bond(or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Benefit Plan Investors may not purchase the Series 2016A Bonds at any time that the ratings on the Series 2016A Bonds are below investment grade or the Series 2016A Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires Series 2016A Bonds with assets of a Benefit Plan Investor represents that such purchaser or transferee has considered the fiduciary requirements of ERISA or other similar laws and has consulted with counsel with regard to the purchase or transfer.

Any ERISA Plan fiduciary considering whether to purchase the Series 2016A Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

PART 13 – STATE NOT LIABLE ON THE SERIES 2016A 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 2016A Bonds are not a debt of the State and that the State is not liable on them.

PART 14 – 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 15 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2016A Bonds by DASNY are subject to the approval of Nixon Peabody LLP, New York, New York and Drohan Lee LLP, New York, New York, Co-Bond Counsels, whose approving opinions will be delivered with the Series 2016A Bonds. The proposed form of Co-Bond Counsels' opinions is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the Institute by its counsel, Cullen and Dykman LLP, Garden City, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2016A Bonds or questioning or affecting the validity of the Series 2016A Bonds or the proceedings and authority under which they are to be issued.

PART 16 – UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2016A Bonds from DASNY at an aggregate purchase price of \$47,588,985.54 (representing the principal amount of the Series 2016A Bonds less an underwriting discount of \$321,014.46) and to make a public offering of Series 2016A Bonds at prices that are not in excess of the public offering prices (or less than the yields) stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2016A Bonds if any are purchased.

The Series 2016A 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.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2016A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016A Bonds.

Piper Jaffray & Co. has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2016A Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Series 2016A Bonds that CS&Co. sells.

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

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

PART 17 – VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., will deliver a report verifying the mathematical accuracy of the mathematical computations of the adequacy of the cash, the maturing principal amounts and the interest on the securities deposited with the respective trustees for the Refunded Bonds to pay the principal, interest and redemption price coming due on the Refunded Bonds on and prior to their respective maturity or redemption dates as described in "PART 7 – THE REFUNDING PLAN." Causey Demgen & Moore P.C. will express no opinion on the reasonableness of the assumptions provided to them, the

likelihood that the principal of and interest on the Series 2016A Bonds will be paid as described in the schedules provided to them.

PART 18 – CONTINUING DISCLOSURE

In order to assist the Underwriters to comply with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), DASNY, the Institute and the Trustee will enter into a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Holders of the Series 2016 Bonds to provide continuing disclosure. The proposed form of Continuing Disclosure Agreement is attached as Appendix G hereto.

The Institute entered into a continuing disclosure undertaking in connection with the issuance of its prior bonds which required the Institute to submit certain financial information and operating data to the Municipal Securities Rulemaking Board (“MSRB”) on an annual basis. The Institute failed to timely file the required continuing disclosure for its fiscal years ended August 31, 2011 and August 31, 2012. The financial information and operating data were filed after the 120-day reporting requirement for each fiscal year. The Institute has now added the continuing disclosure undertaking to its audit procedures checklist to ensure timely filing in the future.

PART 19 – RATINGS

Moody’s Investors Service (“Moody’s”) has assigned a rating of “Baa2” (negative outlook) to the Series 2016A Bonds and S&P Global Services (“Standard & Poor’s”) has assigned a rating of “BBB+” (stable outlook) to the Series 2016A Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: S&P Global Services, 55 Water Street, New York, New York 10041 and Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. 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 any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2016A Bonds.

PART 20 – FINANCIAL ADVISOR

Public Resources Advisory Group (the “Financial Advisor”), has been retained by the Institute to serve as its financial advisor in connection with the issuance of the Series 2016A Bonds. The following two sentences have been provided by the Financial Advisor. The Financial Advisor is not obligated to make, and has not undertaken, an independent verification of any of the information contained in this Official Statement and makes no guarantee as to the accuracy, completeness or fairness of such information. The Financial Advisor is an independent financial advisory and consulting firm and is not engaged in the underwriting or trading of municipal securities or other negotiable instruments.

PART 21 – MISCELLANEOUS

References in this Official Statement to the Act, the Resolution, the Series 2016A Resolution, the Series 2016A Bond Series Certificate and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2016A Resolution, the Series 2016A Bond Series Certificate and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2016A Resolution, the Series 2016A Bond Series Certificate and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2016A Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2016A Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2016A 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 Institute was supplied by the Institute. 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 – FORM OF APPROVING OPINIONS OF CO-BOND COUNSELS" have been prepared by Nixon Peabody LLP, New York, New York and Drohan Lee, LLP, New York, New York, Co-Bond Counsels.

"APPENDIX B – CONSOLIDATED FINANCIAL STATEMENTS OF NEW YORK INSTITUTE OF TECHNOLOGY WITH INDEPENDENT AUDITORS' REPORT THEREON" contains the financial statements of the Institute as of and for the years ended August 31, 2015 and 2014 and the report thereon of Grant Thornton LLP, the Institute's independent auditors.

The Institute has reviewed the parts of this Official Statement describing the Institute, Bondholders' Risks, the principal and interest requirements, the Refunding Plan, the estimated sources and uses of funds and Appendix B. The Institute, as a condition to issuance of the Series 2016A Bonds, is required to certify that as of the date of this Official Statement and as of the date of issuance of the Series 2016A Bonds, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The Institute 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/ Michael T. Corrigan
 Authorized Officer

APPENDIX A – CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

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

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

“Act” means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including without limitation by the Health Care Financing Construction 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 as more particularly described in the Loan Agreement.

“Annual Debt Service” means as of any particular date of calculation, the payments or amounts payable on Long-Term Indebtedness plus interest paid on all Indebtedness, exclusive of capitalized interest, all as shown on the cash flow statements of the Institute, determined in accordance with generally accepted accounting principles then applicable to the Institute.

“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, created and established pursuant to the Resolution.

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

“Authority Fee” means the fee payable to the Authority consisting of all of the Authority’s internal costs and overhead expenses attributable to the issuance of the Bonds and the construction of the Project as more particularly described in 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 Vice President, the Deputy

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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 the Deputy 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 Institute, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the Institute 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.

“Available Money” means:

(i) when used in connection with Bonds other than Letter of Credit Secured Bonds, any money unless the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to them otherwise provides; and

(ii) when used in connection with Letter of Credit Secured Bonds:

(A) the proceeds of such Bonds;

(B) money obtained by the Trustee pursuant to the Letter of Credit for such Bonds;

(C) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds;

(D) money which has been on deposit with the Trustee for at least one hundred twenty-four (124) days (or, if there are any affiliates of the Institute, three hundred sixty-six (366) days) prior to and during which no petition by or against the Authority or the Institute, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the **“Bankruptcy Code”**) shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal; or

(E) any other money the application of which to the payment of the principal, Redemption Price or purchase price of or interest on such Bond would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority or the Institute under the Bankruptcy Code; and

(F) the proceeds from the investment of money described in clauses (A) through (E) above.

“Bank” means, when used in connection with any particular Letter of Credit Secured Bond, the entity that has issued a Letter of Credit for such Bond.

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

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

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

“Bond Year” means, unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds, 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, means the registered owner of any Bond.

“Book Entry Bond” means a Bond 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.

“Collateral Security” means a security interest in or pledge or any personal property, tangible or intangible, or mortgage on any real property or interest therein, given or made by the Institute to secure the Institute’s obligations under a Loan Agreement.

“Construction Fund” means the fund so designated, created and established for a Project by or pursuant to a Series Resolution authorizing the issuance of a Series of Bonds for the purpose of paying or refinancing the Costs of such Project.

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

“Cost” or “Costs of Issuance” means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants’ fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Letter of Credit, a financial guaranty insurance policy, a Liquidity Facility, a Hedge Agreement or a Remarketing Agent, 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 of Issuance Account” means the account within the Construction Fund so designated, established and created pursuant to the Resolution.

“Cost” or “Costs of the Project” means when used in relation to a Project the 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

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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 Institute 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 Institute 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 Institute), (viii) interest on the Bonds, 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 to the Loan Agreements, a Letter of Credit, a financial guaranty insurance policy in connection with Bonds, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

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

“*Debt Service Coverage Ratio*” is the ratio of Operating Income Available for Debt Service to Annual Debt Service.

“*Debt Service Fund*” means, when used in connection with a Series of Bonds, the fund so designated, created and established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

“*Debt Service Reserve Fund*” means, when used in connection with a particular Series of Bonds, a reserve fund for the payment of the principal and Sinking Fund Installments of and interest on such Series of Bonds, as so designated, created and established by the Authority by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

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

“*Defeasance Security*” means:

(i) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligation;

(ii) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligation;

(iii) an Exempt Obligation, *provided* such Exempt Obligation (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

- (iv) any other investments acceptable to the Rating Service(s) for defeasance.

Notwithstanding the foregoing, for purposes of (i), (ii) and (iii) above, 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 a 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.

“Determination of Taxability” means, when used with respect to a Tax Exempt Bond, a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Authority shall consent or from which no timely appeal shall have been taken, in each case to the effect that interest on such Bond is includable in the gross income of the Holder thereof for purposes of federal income taxation.

“Exempt Obligation” means:

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

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

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

“Federal Agency Obligation” means:

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

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

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

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

“*Fiscal Year*” a twelve month period beginning September 1st of a calendar year and ending on August 31st of the next subsequent calendar year, or such other twelve month period as the Institute may elect as its Fiscal Year.

“*Government Obligation*” means:

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

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by the United States of America;

(iii) an obligation to which the full faith and credit of the United States of America are pledged;

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

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

“*Governmental Requirements*” means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to the Project or any 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 after created, and having or asserting jurisdiction over the Project or any Mortgaged Property or any part thereof.

“*Indebtedness*” means, without duplication, indebtedness for borrowed money incurred or guaranteed by the Institute, whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, including indebtedness under purchase money mortgages, capital leases, installment sales agreements and similar security arrangements which appear as debt on the the annual audited financial statements of the Institute in accordance with generally accepted accounting principles then applicable to the Institute; **provided, however**, that Non-Recourse Indebtedness shall not constitute Indebtedness for purposes of the Loan Agreement.

“*Institute*” means New York Institute of Technology, a corporation duly organized and existing under the laws of the State, which is an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State, or any successor thereto.

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

“*Intercreditor Agreement*” means an agreement by and among, *inter alia*, the Authority, the Trustee, and each Bank, as creditors of the Institute, with respect to (i) the relative priorities of the liens upon the Shared

Collateral, (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).

“Investment Agreement” means a repurchase agreement or other agreement for the investment of money with a Qualified Financial Institution.

“Letter of Credit” means an irrevocable direct-pay letter of credit for the benefit of the Trustee pursuant to which the issuer thereof is obligated, upon a drawing made by the Trustee in accordance with the terms of such letter of credit, to advance to the Trustee amounts to pay the principal and Sinking Fund Installments of and interest on such Bonds, as the same becomes due whether or not the Authority is in default under the Resolution or the Institute is in default under a Loan Agreement that is issued by (i) a bank, savings bank, savings and loan association or trust company organized under the laws of any state of the United States of America and authorized to do business in the State, (ii) a trust company, (iii) a national banking association, (iv) an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, or (vi) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

“Letter of Credit Secured Bond” means a Bond in connection with which a Letter of Credit has been issued.

“Lien” means any mortgage, pledge, lien, charge, security interest or assignment 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 a Letter of Credit, a surety bond, a loan agreement, a Standby Purchase Agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained by the Trustee upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase in accordance with the terms of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

“Liquidity Facility Provider” means, when used in connection with any particular Bonds, the issuer or provider of a Liquidity Facility related to such Bond.

“Loan Agreement” means the Loan Agreement, dated as of February 11, 2015, by and between the Authority and the Institute, as the same may from time to time be amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement;

“Long-Term Indebtedness” means Indebtedness having an original maturity of greater than one (1) year or Indebtedness on which the Institute has an option to extend the maturity thereof for a period of greater than one (1) year beyond the date of the original incurrence thereof, specifically excluding optional prepayment and accounting adjustments related to refundings.

“Management Consultant” means a nationally recognized accounting or management consulting firm or other similar firm, experienced in reviewing and assessing the Institute’s operations, acceptable to the Authority.

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“*Management Plan*” means a written plan prepared by management of the Institute that addresses the fees and tuition, operations and management of the Institute and any other matter deemed appropriate by the Authority and makes such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the Institute to comply with the covenants set forth in Section 2 of Schedule D within a reasonable period acceptable to the Authority.

“*Maximum Annual Debt Service*” when used in connection with any Indebtedness means as of any particular date of calculation the greatest amount required to be paid by the Institute during the then current or any future Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions and prepayments, of and interest on such Indebtedness; *provided, however*, that such amounts required to be paid on Short-Term Indebtedness shall include interest only; and *provided further* that such amount shall not include interest to be paid from the proceeds of Indebtedness (i.e. capitalized interest) or principal amounts paid during the then current Fiscal Year from proceeds of Refunding Debt.

“*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 Investor Service, Inc. or its successors or assigns.

“*Mortgage*” means the mortgage, dated the date on which the Bonds are initially issued, on the property described therein, made by the Institute to the Authority to secure the Institute’s obligation under the Loan Agreement with respect to the Bonds, as the same may be amended from time to time.

“*Mortgaged Property*” means, with respect to each Mortgage, the property described in Exhibit A to the Mortgage.

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

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

“*Operating Income Available for Debt Service*” means net operating income excluding realized and unrealized gains and losses on investments (as shown in the footnotes of the annual audited financial statements of the Institute, determined in accordance with generally accepted accounting principles then applicable to the Institute), plus depreciation expense, amortization of bond issuance expense and accretion expense (as shown in the cash flow statements of the Institute, determined in accordance with generally accepted accounting principles then applicable to the Institute) plus interest paid (as show in the cash flow statements of the Institute, exclusive of capitalized interest).

“*Opinion of Bond Counsel*” means an opinion of Bond Counsel to the effect that the action proposed to be taken will not cause interest on the Bonds to which such action relates to be includable in the gross income of the owners of such Bonds for purposes of federal income taxation and that such action is authorized or permitted by the Resolution and by the applicable Series Resolution and Bond Series Certificate.

“*Option Bond*” means any Bond which by its terms may be or is required to be tendered by and at the option of the Holder thereof for redemption 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, means, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any applicable Series Resolution except:

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) 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 Debt*” means any Long-Term Indebtedness incurred as permitted by Section 4 of Schedule D that is secured by a pledge of or security interest in the Pledged Revenues or a mortgage on the Mortgaged Property that is of equal priority with the pledge of or security interest in the Pledged Revenues or Mortgage on the Mortgaged Property securing the Institute’s obligations under the Loan Agreement.

“*Permitted Collateral*” means:

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

“*Permitted Encumbrances*” means, when used in connection with any Mortgaged Property, any of:

- (i) an instrument recorded pursuant to Section 20 of the Loan Agreement;
- (ii) the Lien of the Mortgage and any future mortgage given to secure Parity Debt incurred in accordance with *Schedule D* to the Loan Agreement;

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(iii) any Lien to secure the purchase price of any equipment of furnishings, provided that the indebtedness secured thereby does not exceed ninety-five percent (95%) of the cost of acquisition thereof;

(iv) mechanics liens or other encumbrances which are fully bonded by the Institute or insured against by a policy of title insurance;

(v) the lien of taxes and assessments which are not delinquent;

(vi) the lien of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless the property or the interest of the Authority therein may be in danger of being lost or forfeited;

(vii) minor defects and irregularities in the title to the Mortgaged Property which do not in the aggregate materially impair the use of such Mortgaged Property for the purposes for which it is or may reasonably be expected to be held;

(viii) 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 for which it is or may reasonably be expected to be held;

(ix) security interests, liens and other encumbrances to secure the purchase price of any equipment or furnishings for the Mortgaged Property; and

(ix) any other Lien or other matters approved in writing by the Authority.

“Permitted Investments” means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

(iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;

(v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, rated by at least one Rating Service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;

(vi) 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 one Rating Service and having maturities of not long than two hundred seventy (270) days from the date of purchase;

(vii) 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 one Rating Service and having maturities of not longer than three hundred sixty five (365) days from the date they are purchased;

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

(ix) 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 and that is 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 one Rating Service.

“*Pledged Revenues*” means all receipts, revenues, income and other moneys received or receivable by or on behalf of the Institute, including, without limitation, gifts, grants, bequests, contributions, donations and pledges whether in the form of money, securities or other personal property, revenues derived from the operation of the facilities of the Institute, and all rights to receive the same, whether in the form of accounts, payment intangibles, contract rights, general intangibles, healthcare insurance receivables, chattel paper, deposit accounts, instruments, promissory notes or other rights, and the proceeds thereof, as such terms are presently or hereafter defined in the Uniform Commercial Code in effect from time to time in the State of New York, and any insurance thereon, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Institute; provided, however, that Pledged Revenues shall not include any scholarships, fellowships or revenues of the medical clinic received or receivable by or on behalf of the Institute.

“*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 Bonds, as more particularly described in the Resolution, in or pursuant to a Series Resolution or in or pursuant to a Bond Series Certificate.

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

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one 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;

(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

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Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one 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;

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

(v) a corporation whose obligations, including any investments of any 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 the Series Resolution authorizing Variable Interest Rate Bonds or Option Bonds or the Bond Series Certificate relating thereto provides otherwise with respect to such Variable 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, 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 the outstanding Nassau County Industrial Development Agency Civic Facility Revenue and Refunding Bonds (2000 New York Institute of Technology Project) and the Suffolk County Industrial Development Agency Civic Facility Refunding Revenue Bonds (2000 New York Institute of Technology Project) Series 2000 A, as set forth on Schedule E to the Loan Agreement.

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

“Refunding Debt” when used in connection with any Indebtedness means as of any particular date of calculation the greatest amount required to be paid by the Institute during the then current or any future Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions and prepayments, of and interest on such Indebtedness; *provided, however*, that such amounts required to be paid on Short-Term Indebtedness shall include interest only; and provided further that such amount shall not include interest to be paid from the proceeds of Indebtedness (i.e. capitalized interest) or principal amounts paid during the then current Fiscal Year from proceeds of Refunding Debt.

“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 Institute and the Remarketing Agent, relating to the remarketing of such Bonds.

“Resolution” means the New York Institute of Technology Revenue Bond Resolution, adopted by the Authority July 20, 2016, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions under the Resolution.

“Restricted Gift” means 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, when used in connection with the Bonds of any particular Series:

(i) all payments received or receivable by the Authority that pursuant to the Loan Agreement entered into in connection with such Series of Bonds are required to be paid to the Trustee, other than payments to the Trustee for (A) the administrative costs and expenses or fees of the Trustee, (B) deposit to the Arbitrage Rebate Fund, or (C) deposit to any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds tendered or deemed to have been tendered for purchase, and (D) deposit to any fund or account established by or pursuant to such Series Resolution for repayment of advances made by a Liquidity Facility Provider for payment of the purchase price of Option Bonds; and

(ii) all amounts received as a consequence of the enforcement of a Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon any lien upon property of the Institute given to secure the Institute’s obligation under such Loan Agreement.

“Serial Bond” means any Bond 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 to the Series Resolution authorizing such Bonds as a separate Series of Bonds or a Bond Series Certificate, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“Series Resolution” means the resolution of the Authority adopted July 20, 2016 entitled “Series Resolution Authorizing Up To \$55,000,000 New York Institute of Technology Revenue Bonds,” which resolution authorized the issuance of the Bonds, together with the Bond Series Certificate, dated as of August 11, 2016, executed by the Authority in connection with issuance of the Bonds, in each case as the same may be amended, supplemented or otherwise modified..

“Shared Collateral” means the lien of any Collateral Security securing the Institute’s obligations under a Loan Agreement that, in accordance with an Intercreditor Agreement or otherwise, is of equal priority with the lien on such Collateral Security that secures the Institute’s obligations under one or more other Loan Agreements or on Parity Indebtedness.

“Short-Term Indebtedness” means any Indebtedness that is not Long-Term Indebtedness.

“Sinking Fund Installment” means, as of any date of calculation:

(i) when used with respect to any Bonds of a 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 Resolution or 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 (or such other

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date as provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds) 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 an agreement by and between the Authority and another person or by and among the Authority, the Institute and another person, pursuant to which such person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

“*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 the Resolution.

“*Tax Certificate*” means a certificate executed by an Authorized Officer of the Authority and the Institute, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Bonds in which the Authority and the Institute make representations and agreements as to compliance with the provisions of Section 141 through 150, inclusive, of the Code, 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.

“*Tax Exempt Bond*” means any Bond as to which Bond Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

“*Term Bond*” means any Bond 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 the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

“*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 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.

“Verification Report” means, when used in connection with any Bonds for the payment of which Defeasance Obligations and money has been deposited with the Trustee in accordance with the Resolution, a letter or other written report verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose.

“Winning Bid Rate” shall have the meaning given to such term in the Resolution.

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**APPENDIX B – CONSOLIDATED FINANCIAL STATEMENTS OF NEW YORK INSTITUTE OF TECHNOLOGY
WITH INDEPENDENT AUDITORS' REPORT THEREON**

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Consolidated Financial Statements and Report of
Independent Certified Public Accountants

NEW YORK INSTITUTE OF TECHNOLOGY

August 31, 2015

NEW YORK INSTITUTE OF TECHNOLOGY

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
New York Institute of Technology:

We have audited the accompanying consolidated financial statements of New York Institute of Technology and subsidiary (collectively the “College” or “NYIT”), which comprise the consolidated statement of financial position as of August 31, 2015, and the related consolidated statement of activities and cash flows for the year then ended.

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

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor’s 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 College’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 College’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 New York Institute of Technology and subsidiary at August 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

Melville, New York
December 18, 2015

NEW YORK INSTITUTE OF TECHNOLOGY
Consolidated Statement of Financial Position
As of August 31, 2015

ASSETS

Cash and cash equivalents	\$ 36,144,306
Grants receivable	15,909,092
Student accounts receivable, net of allowance of \$13,474,004	3,914,121
Student loans receivable, net of allowance of \$709,012	11,435,688
Contributions receivable, net	1,813,043
Investments, at fair value	68,660,522
Investments in real estate, at fair value	31,234,000
Other assets	4,584,923
Funds held in trust	7,937,386
Property, plant and equipment, net	<u>142,607,163</u>
Total assets	<u>\$ 324,240,244</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 37,018,806
Deferred revenues	57,007,614
Refundable grants and U.S. Government loan funds	16,427,419
Postretirement health benefits	9,582,367
Bonds payable	<u>60,733,323</u>
Total liabilities	<u>180,769,529</u>

NET ASSETS

Unrestricted	136,724,998
Temporarily restricted	4,311,006
Permanently restricted	<u>2,434,711</u>
Total net assets	<u>143,470,715</u>
Total liabilities and net assets	<u>\$ 324,240,244</u>

The accompanying notes are an integral part of this consolidated financial statement.

NEW YORK INSTITUTE OF TECHNOLOGY
Consolidated Statement of Activities
For the year ended August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING REVENUES				
Tuition and fees	\$ 264,688,962	\$ -	\$ -	\$ 264,688,962
Less: Scholarships and fellowships	<u>(44,344,097)</u>	<u>-</u>	<u>-</u>	<u>(44,344,097)</u>
Net tuition and fees	220,344,865	-	-	220,344,865
Grants and contracts	3,777,115	-	-	3,777,115
Government appropriations	652,702	-	-	652,702
Contributions	786,005	19,117	168,824	973,946
Educational activities	2,543,344	-	-	2,543,344
Other sources	9,898,422	-	-	9,898,422
Sales and services of auxiliaries	18,517,167	-	-	18,517,167
Investment loss, net	(2,471,235)	(119,520)	-	(2,590,755)
Net assets released from restrictions	<u>587,820</u>	<u>(587,820)</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>254,636,205</u>	<u>(688,223)</u>	<u>168,824</u>	<u>254,116,806</u>
OPERATING EXPENSES				
Instruction	102,351,987	-	-	102,351,987
Research, training and public service	11,950,664	-	-	11,950,664
Academic support	16,012,021	-	-	16,012,021
Student services	24,015,532	-	-	24,015,532
Auxiliary enterprises	<u>17,731,760</u>	<u>-</u>	<u>-</u>	<u>17,731,760</u>
Total program services	172,061,964	-	-	172,061,964
Supporting services - institutional support	<u>62,596,393</u>	<u>-</u>	<u>-</u>	<u>62,596,393</u>
Total operating expenses	<u>234,658,357</u>	<u>-</u>	<u>-</u>	<u>234,658,357</u>
Change in net assets from operations	<u>19,977,848</u>	<u>(688,223)</u>	<u>168,824</u>	<u>19,458,449</u>
NONOPERATING ACTIVITIES				
Unrealized gain on investments in real estate	1,261,000	-	-	1,261,000
Reclassification of donor intent	-	(140,000)	140,000	-
Postretirement changes other than net periodic benefit costs	<u>(1,572,945)</u>	<u>-</u>	<u>-</u>	<u>(1,572,945)</u>
Change in net assets from non-operating activities	<u>(311,945)</u>	<u>(140,000)</u>	<u>140,000</u>	<u>(311,945)</u>
Change in net assets	19,665,903	(828,223)	308,824	19,146,504
NET ASSETS				
Beginning of year, as previously reported	134,032,637	5,859,080	2,125,887	142,017,604
Prior period adjustment (Note 3)	<u>(16,973,542)</u>	<u>(719,851)</u>	<u>-</u>	<u>(17,693,393)</u>
Beginning of year, as restated	<u>117,059,095</u>	<u>5,139,229</u>	<u>2,125,887</u>	<u>124,324,211</u>
End of year	<u>\$ 136,724,998</u>	<u>\$ 4,311,006</u>	<u>\$ 2,434,711</u>	<u>\$ 143,470,715</u>

The accompanying notes are an integral part of this consolidated financial statement.

NEW YORK INSTITUTE OF TECHNOLOGY
Consolidated Statement of Cash Flows
For the year ended August 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 19,146,504
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	14,144,626
Amortization of bond issuance costs	1,070,483
Accretion expense	359,167
Net unrealized gain on investments in real estate	(1,261,000)
Loss on investments	2,590,755
Post-retirement health benefits other than net periodic benefit costs	1,572,945
Post-retirement health benefits	(1,316,463)
Change in provision for student accounts receivable	1,475,561
Change in provision on student loans receivable	(26,763)
Change in operating assets and liabilities	
Student accounts receivable	748,882
Grants receivable	(9,804,889)
Contributions receivable	575,482
Other assets	804,726
Accounts payable and accrued liabilities	(10,547,886)
Deferred revenues	(1,072,260)
Net cash provided by operating activities	<u>18,459,870</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(84,502,823)
Sales of investments	83,574,982
Purchases of property, plant and equipment	(11,168,323)
Change in funds held in trust	8,050,160
Loans to students	(1,597,315)
Repayments of student loans	<u>1,612,126</u>
Net cash used in investing activities	<u>(4,031,193)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments of principal indebtedness	(13,825,434)
Additions to permanently restricted endowments	(251,457)
Payments on capital lease obligations	(113,090)
Net change in refundable grants and U.S. Government loan funds	<u>1,129,021</u>
Net cash used in financing activities	<u>(13,060,960)</u>
Net increase in cash and cash equivalents	1,367,717
Cash and cash equivalents - beginning of year	<u>34,776,589</u>
Cash and cash equivalents - end of year	<u>\$ 36,144,306</u>
Supplemental disclosure of cash flow information and noncash investing and financing activities:	
Cash paid for interest	<u>\$ 3,403,753</u>
Noncash investing and financing transactions:	
Property, plant and equipment included within accounts payable and accrued expenses	<u>\$ 666,844</u>

The accompanying notes are an integral part of this consolidated financial statement.

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

1. ORGANIZATION

New York Institute of Technology (the “College”) is an independent, private college offering a variety of undergraduate, graduate and doctoral degrees. The College operates two primary campuses located in Old Westbury and Manhattan, New York, with additional programs in several foreign countries. The College’s distance learning capabilities add a virtual campus that is international in scope. The College’s schools - School of Health Professions; School of Architecture and Design; College of Arts and Sciences; School of Education; School of Engineering and Computing Science; School of Management; and the NYIT College of Osteopathic Medicine offer career-oriented education in more than 80 programs using hands-on access to state-of-the-art technology in those fields. The College is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

As of August 31, 2015, the College operates academic programs at four locations outside the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the College are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“US GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of the College and its wholly owned subsidiary, Wheatley Advertising, Inc. All intercompany transactions and balances have been eliminated in consolidation. Wheatley Advertising, Inc. conducts public relations and performs advertising services for the College.

Net Assets

The net assets of the College and changes therein are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees or may be limited by contractual agreements with outside parties.

Temporarily Restricted - Net assets which include resources that have been limited by donor-imposed stipulations that expire with the passage of time and/or can be fulfilled and removed by the actions of the College pursuant to those stipulations are considered temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets subject to donor-imposed restrictions that stipulate that the original contribution be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets for either a specific purpose or the general use of the College.

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

Cash and Cash Equivalents

The College considers all highly liquid financial instruments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash and cash equivalents do not include cash held for long-term investing purposes.

Funds Held in Trust

At August 31, 2015, the College had \$7,937,386, invested in short-term, highly liquid investments that are classified as Level 1 within the fair value hierarchy. The investments are primarily utilized as part of the debt service reserve requirements for the College's bonds.

Investments

Investments in equity and debt securities are stated at fair value based upon quoted market prices in the consolidated statement of financial position. Purchases and sales of securities are reflected on a trade date basis. Interest is recognized as earned. Dividends are accrued based on the ex-dividend date. Interest and dividend income and unrealized and realized gains and losses on investments are recorded in the caption investment loss within the accompanying consolidated statement of activities. Realized gains and losses are determined on an average cost basis.

Fair value for certain limited partnerships and hedge funds are estimated by the respective external investment managers if market values are not readily ascertainable. For those investments that do not have readily determinable fair values, their estimated value may differ from the value that would have been used had a ready market for such investment existed. Investments in limited partnerships and hedge funds are carried at fair value which represents the College's share of the net assets of these investments at the end of the College's fiscal year. The College records its share of the net income or loss for the accounting period in proportion to its participating percentage in each investment.

All investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

Investments in Real Estate

Investments in real estate consist of unimproved land and properties not used primarily for academic purposes and available for future sale. Due to the inherent uncertainty of real estate valuations, the appraised values reflected in the consolidated financial statements may differ significantly from values that would be determined by negotiation between parties to a sales transaction, resulting in differences that could be material. Key assumptions used in valuing the appraisals include primarily a comparable sales approach, with one property also considering a sell-out analysis with growth rate, expenses and discount rate. For the year ended August 31, 2015, the College recorded net appreciation of \$1,261,000 on investments in real estate. The investments are classified as Level 3 under the fair value hierarchy given the unobservable inputs that are supported by limited or no market activity during 2015. There were no purchases or sales during 2015.

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

Grants Receivable

Grants are reported as revenue when expenses are incurred in accordance with the terms of the respective agreements. Amounts received in advance are recorded as refundable grant liabilities.

Student Receivables and Allowance for Doubtful Accounts

Student accounts receivable are carried at the unpaid balance of the original amount billed to students and student loans receivable are carried at the amount of unpaid principal. Both receivables are less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Recoveries of student accounts and loans receivable previously written off are recognized as revenue when received.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions that are met in the same reporting period are reported as increases in unrestricted net assets. Conditional contributions are recognized as revenues when the conditions on which they depend have been substantially met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Contributions to be received after one year are discounted based upon a credit adjusted interest rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based on historical collection experience, an assessment of the creditworthiness of the respective donor and nature of fundraising activity. Receivables are written-off in the period in which they are deemed uncollectible and payments received subsequently are recorded as income in the period received.

Contributed property, plant and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property, plant and equipment are recorded as unrestricted support.

Property, Plant and Equipment, net

Property, plant and equipment consisting of land; buildings and leasehold improvements; machinery, equipment, furniture and fixtures; and library books are stated at cost, net of accumulated depreciation. Capital leases and capitalized software are included in the machinery and equipment category. Depreciation is calculated using the straight-line method based on estimated useful lives of 20 to 40 years for buildings; the lesser of 10 to 20 years or the remaining estimated useful life of the term of the lease for leasehold improvements; 5 to 10 years for machinery, equipment, furniture and fixtures, and up to 10 years for library books.

The College capitalizes certain computer software costs which, upon being placed into service, are amortized utilizing the straight-line method over periods not exceeding ten years. Amortization of capitalized software is included in depreciation expense. Upon disposal, the asset cost and related accumulated depreciation or amortization are eliminated from the respective accounts and resulting gain or loss, if any, is included in the consolidated statement of activities.

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Impairment losses would be recognized if the carrying amount of the asset exceeds the undiscounted future cash flows expected to result from the use of the asset and its eventual disposal. The College believes that no impairment exists at August 31, 2015.

Deferred Bond Issuance Costs

The costs related to the issuance of debt are deferred and amortized over the lives of the related debt. Net deferred bond issuance costs are recorded in the caption Other Assets within the accompanying consolidated statement of financial position. Amortization expense is charged to operations.

Deferred Revenues

The College derives its revenue primarily from student tuition and fees. Revenue is recorded on the accrual basis of accounting. Deferred revenues primarily represent payments received from students relating to registrations for the following fall semester. Such amounts are recognized as revenue during the subsequent fiscal year.

Refundable U.S. Government Grants

Funds provided by the federal government under the federal Perkins Student Loan program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the government and are recorded within the accompanying statement of financial position as a liability.

Asset Retirement Obligation

The College recognizes the cost associated with the eventual remediation and abatement of asbestos located within its facilities. The cost of the abatement is based upon the estimate of a contractor who specializes in such abatements. The College recognized accretion expense relating to these obligations of \$359,167 for the year ended August 31, 2015. The obligation amounted to \$8,005,344 at August 31, 2015 and is included within the caption accounts payable and accrued liabilities in the accompanying consolidated statement of financial position. The conditional asset retirement obligation was calculated using an inflationary rate of 3.0% and a credit adjusted discount rate of 5.3% for the year ended August 31, 2015.

Tuition and Fees Revenue

Tuition and fees revenue, net of scholarships and fellowships, is recognized in the fiscal year in which the educational programs are provided.

Scholarships, Tuition Grants and Aid

The College maintains a policy of offering qualified applicants admission to the College without regard to financial circumstances. The College provides institutional financial aid to those admitted on the basis of merit or need in the form of direct grants or employment during the academic year. The College participates in certain student loan and grant programs. Under some of these programs, the College is required to make matching contributions of funds at contractual percentage rates.

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

Allocation of Expenses

Certain expenses of the College that relate to more than one activity were allocated among the respective functions. Allocated costs are predominantly related to the operations of the physical campus, and therefore are allocated on a square footage basis by location, if appropriate, or across all College spaces. For the fiscal year ended August 31, 2015, the types and amounts of allocated expenses were as follows:

Operation and maintenance of plant	\$ 18,792,435
Depreciation and amortization	15,183,284
Interest expense on bonds	<u>2,848,748</u>
	<u>\$ 36,824,467</u>

Advertising Expense

The College expenses all advertising costs during the year in which they are incurred. Total advertising expense for the year ended August 31, 2015 totaled \$1,509,652.

Measure of Operations

The consolidated statement of activities distinguish between operating and non-operating activities. Operating activities to carry out the mission of the College include all revenues and expenses that are an integral part of the College's educational programs, supporting activities and gains and losses on sale or disposal of plant and equipment. Non-operating activities include unrealized gains (losses) on investments in real estate and changes to the postretirement health benefit liability other than net periodic benefit costs. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of non-operating activities.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair value accounting establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the College for financial instruments on a recurring basis. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

terms of the assets or liabilities. Also included in Level 2 are investments measured using a NAV, or its equivalent, that may be redeemed at NAV at the date of the consolidated statement of financial position, or in the near term, which the College has determined to be within 90 days.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV at the reporting date or in the near term or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

A reasonable estimate of the fair value of the loans receivable from students under government loan programs cannot be made because the loans receivable are not saleable and can only be assigned to the U.S. Government or its designees.

The carrying amount of student accounts receivable, accounts payable and accrued liabilities approximates fair value because of the short maturity of these financial instruments.

Concentration of Credit Risk

Financial instruments which potentially subject the College to concentrations of credit risk consist principally of temporary cash investments, marketable securities and limited partnerships. Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the College maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio. At August 31, 2015, the College's cash and investments were placed with high credit quality financial institutions and, accordingly, the College does not expect nonperformance.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowance for doubtful student accounts and loans receivable, valuation of investments, reserve for conditional asset retirement obligations and liability for postretirement benefits and fair values of non-marketable investments including real estate. Actual results could differ from those estimates.

Income Taxes

The College follows ASC 740-10 which clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This section provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

The College is exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the College may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The tax years ended August 31, 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes. Management has determined that there are no material uncertain tax positions within its consolidated financial statements.

3. PRIOR PERIOD ADJUSTMENTS

Included in NYIT's accompanying consolidated financial statements as of and for the year ended August 31, 2015 are the following prior period adjustments: (1) a decrease to opening unrestricted net assets of \$11,968,000 to reduce investments in real estate for property that were incorrectly recorded at fair value, (2) a decrease to opening unrestricted net assets of \$7,410,633 to correct depreciation expense for certain assets that were not being depreciated in accordance with US GAAP, (3) an increase to opening unrestricted net assets of \$1,685,240 to appropriately reduce asset retirement obligations in accordance with an expected present value model as required by US GAAP, and (4) a decrease to temporarily restricted net assets and corresponding increase to unrestricted net assets of \$719,851 to appropriately record contributions in accordance with donor intent. As of August 31, 2014, unrestricted net assets have been reduced by \$16,973,542 and temporarily restricted net assets have been reduced by \$719,851 to correct the aggregate effect of the errors, \$1,900,424 of which, related to a decrease in the change in net assets for the fiscal year ended August 31, 2014.

4. INVESTMENTS

The fair value of investments at August 31, 2015 are as follows:

	<u>Fair Value</u>
Money market	\$ 2,753,748
Mutual funds	18,429,893
Common stock	24,347,136
Corporate bonds	2,127,593
Hedge funds	15,877,419
Partnership and other investments	<u>5,124,733</u>
	<u><u>\$ 68,660,522</u></u>

Investment returns for the year ended August 31, 2015 are as follows:

Investment income:	
Dividends and interest	\$ 1,160,834
Realized loss	(872,938)
Unrealized loss	(2,632,548)
Expenses	<u>(246,103)</u>
Total investment loss	<u><u>\$ (2,590,755)</u></u>

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

The following tables present the financial instruments carried at fair value on a recurring basis as of August 31, 2015, and indicates the fair value hierarchy of the valuation techniques that were utilized to determine such fair value.

	Investment Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Money market	\$ 2,753,748	\$ -	\$ -	\$ 2,753,748
Mutual funds	18,429,893	-	-	18,429,893
Common stock	24,347,136	-	-	24,347,136
Corporate bonds	-	2,127,593	-	2,127,593
Hedge funds	-	1,239,551	14,637,868	15,877,419
Limited partnerships and similar interests	-	-	5,124,733	5,124,733
Investments, at fair value	<u>\$ 45,530,777</u>	<u>\$ 3,367,144</u>	<u>\$ 19,762,601</u>	<u>\$ 68,660,522</u>

The College has entered into agreements with private equity and external investment managers, which include commitments to make periodic cash disbursements in future periods. The expected amounts of these disbursements as of August 31, 2015 are broken out in the Net Asset Value (“NAV”) table.

The College utilizes the “practical expedient” to estimate the fair value of investments in various investment funds that have a calculated value of their capital account or NAV in accordance with, or in a manner consistent with US GAAP whereby there is limited market activity. The practical expedient is permitted under US GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP.

The College performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The College has assessed factors including, but not limited to, manager’s compliance with fair value measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The following is a reconciliation of changes in fair value of investments classified as Level 3 for the year ended August 31, 2015.

	Investments	Investments in Real Estate
Balance as of August 31, 2014	\$ 18,773,327	\$ 41,941,000
Additions	5,587,173	-
Withdrawals/adjustments (Note 3)	(5,059,054)	(11,968,000)
Net gain	<u>461,155</u>	<u>1,261,000</u>
Balance as of August 31, 2015	<u>\$ 19,762,601</u>	<u>\$ 31,234,000</u>

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

The gain on investments considered to be Level 3, in the table above, includes all net realized and unrealized gains (losses) and is reflected as part of investment loss in the accompanying consolidated statement of activities.

The College uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statement consistent with the measurement principles of an investment company or have the attributes of an investment company. Furthermore, investments which can be redeemed at NAV by the College on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3. The following tables list investments in limited partnerships, private equities and hedge funds by major category:

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

Category	Strategy	NAV in Funds	Number of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions	Fair Value Hierarchy Level
Private equity and other	Funds of funds with an investment diversification strategy	\$ 1,445,095	2	\$ 2,917,225	None	Redemption at discretion of general partners and upon liquidation of fund	3
Private equity and other	Portfolio consisting of non-performing and re-performing mortgage credit loans	675,000	1	325,000	None	Redemption at discretion of general partners and upon liquidation of fund	3
Equity Funds (non-registered)	Diversified portfolio of global equity and equity like investments	1,311,649	2	2,134,708	None	Redemption at discretion of general partners and upon liquidation of fund	3
Equity Funds (non-registered)	Secondary investment of high-quality, seasoned private equity funds purchased from primary investors seeking early liquidity	1,291,680	2	173,346	None	Redemption at discretion of general partners and upon liquidation of fund	3
Equity Funds (non-registered)	Real estate private equity, seeking high annual returns through direct property ownership, financing and operating public and private real estate	401,309	2	1,669,010	None; close-end fund	Redemption at discretion of general partners and upon liquidation of fund	3
Hedge Funds	Opportunistic fund seeking capital appreciation in a wide range of asset classes	1,180,905	1	-	Daily - Quarterly with up to 45 days notice	None	3
Hedge Funds	Diverse global equity and credit strategies with concentrations in event-driven, arbitrage, and value opportunities	1,239,551	1	N/A	Monthly	None	2
Hedge Funds	Diverse global equity and credit strategies with concentrations in event-driven, arbitrage, and value opportunities	13,456,963	10	N/A	Quarterly - Annually with 45-90 days notice	None, One year Lockup w/ 3% early redemption fee, 20% total fund liquidation limit per quarter	3
		<u>\$ 21,002,152</u>	<u>21</u>	<u>\$ 7,219,289</u>			

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
August 31, 2015

5. STUDENT LOANS RECEIVABLE AND REFUNDABLE GOVERNMENT GRANTS

The College makes uncollateralized loans to students based on financial need. Student loans are funded mainly through Federal government loan programs.

The following is an analysis of gross student loans receivable aging as of August 31, 2015:

Past due:		
1-120 days	\$	488,117
Greater than 120 days		78,971
Collections		<u>2,563,382</u>
Total past due		3,130,470
Current		<u>9,014,230</u>
Total gross student loans receivable		<u>12,144,700</u>
Less: Reserve		<u>(709,012)</u>
Total student loans receivable, net	\$	<u>11,435,688</u>

The College's receivable includes the amounts due from current and former students. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio. Management's assessment includes review of general economic conditions; a detailed review of the aging of the student loan receivable detail and a review of the default rate by loan category in comparison to prior years; the financial condition of specific borrowers; the level of delinquent loans; the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. The level of the allowance is adjusted based on the results of management's analysis.

Loans disbursed under the Federal government loan programs are able to be assigned to the Federal Government in certain nonrepayment situations. In these situations, the Federal portion of the loan balance is guaranteed.

On September 30, 2015, the Federal Perkins Loan Program expired. Unless the Federal government retroactively reauthorizes the program, no new loans can be issued under this Federal program. However, students who received their first Perkins Loan before July 1, 2015 may be eligible for four more years of loans unless they change their major.

NEW YORK INSTITUTE OF TECHNOLOGY
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6. CONTRIBUTIONS RECEIVABLE, NET

Unconditional promises at August 31, 2015 and the time periods in which they are expected to be realized are as follows:

In one year or less	\$ 620,751
Between one year and five years	1,278,172
In more than five years	<u>32,500</u>
Gross contributions receivable	1,931,423
Less: Allowance for doubtful accounts	(58,102)
Less: Discount to present value	<u>(60,278)</u>
	<u>\$ 1,813,043</u>

Estimated cash flows from pledge receivables due after one year are discounted using the cost of capital at the year of gift, ranging from 3.6% to 5.5%. An additional reserve of approximately 3% is deducted for potential uncollectible pledges.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at August 31, 2015:

Land	\$ 4,798,837
Buildings and leasehold improvements	199,144,225
Machinery, equipment, furniture and fixtures	63,106,720
Library books	3,257,567
Construction in progress	<u>8,582,738</u>
	278,890,087
Less: Accumulated depreciation	<u>(136,282,924)</u>
	<u>\$ 142,607,163</u>

Included in construction in progress is capitalized interest of \$387,819 for the year ended August 31, 2015. Also included in construction in progress are pre-development costs for dormitories of \$7,063,298.

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Capitalized leased property included in property, plant and equipment consists of the following:

	<u>2015</u>
Equipment	\$ 513,498
Building	<u>2,484,335</u>
	2,997,833
Less: Accumulated amortization	<u>(2,185,687)</u>
	<u>\$ 812,146</u>

Total software costs capitalized as of August 31, 2015 totaled approximately \$7,962,000, of which approximately \$273,000 was capitalized during 2015. Accumulated amortization of capitalized software cost as of August 31, 2015 totaled approximately \$ 5,288,000. Amortization expense totaled approximately \$493,000 for the year ended August 31, 2015.

Depreciation expense and amortization for the year ended August 31, 2015 totaled to \$14,144,626. Included in depreciation expense for the year ended August 31, 2015 is approximately \$250,000 for each year, of depreciation expense recorded on contributed software recorded at fair value in the year of receipt. During the year ended August 31, 2015, the College acquired \$276,249 of equipment and \$283,463 in capital alterations, related to a grant, through various federal, state and local grants, the majority of which will remain the property of the College at the end of the grant period.

8. BONDS PAYABLE

The following is a summary of bonds payable at August 31:

	<u>2015</u>
Suffolk County Industrial Development Agency, tax exempt revenue bonds, New York Institute of Technology, 5.0% to 5.25%, maturing 2026.	\$ 40,255,000
Nassau County Industrial Development Agency, tax exempt revenue bonds, New York Institute of Technology, 4.75% to 5.25%, maturing 2026.	<u>20,310,000</u>
Total principal	60,565,000
Total unamortized premiums	<u>168,323</u>
Total bonds payable	<u>\$ 60,733,323</u>

In March 2003, the College issued the New York City Industrial Development Agency Civic Facility Revenue Bonds (“NYC Bonds”). The total proceeds of \$12,005,000 were used to finance the expansion of the College’s Manhattan campus. The bonds were retired by NYIT in 2015.

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The Suffolk County IDA bonds include repayments between 2017 and 2021 ranging from \$2,910,000 to \$4,025,000, with a final payment of \$22,875,000 due in 2026. In 2015 NYIT made a re-payment of \$70,000.

The Nassau County IDA bonds include repayments between 2017 and 2021 ranging from \$1,485,000 to \$2,055,000, with a final payment of \$11,395,000 due in 2026.

NYIT also retired taxable bonds in 2015.

Principal sinking fund requirements on the bonds for each of the next five years are as follows:

Year Ending August 31,	
2016	\$ -
2017	4,395,000
2018	4,625,000
2019	5,490,000
2020	5,775,000
Thereafter	40,280,000

The total outstanding debt is collateralized by many of the College's academic properties and net operating revenues excluding certain nonoperating revenue. The College is obligated to comply with several financial covenants in conjunction with its outstanding debt portfolio. The College was in compliance with all financial covenants at August 31, 2015.

The fair value of long-term debt approximates \$60,565,000 at August 31, 2015.

Deferred Interest Cost

Costs related to the issuance of the debt are deferred and amortized over the life of the related debt. At August 31, 2015, net deferred bond issuance costs which are included in other assets totaled \$384,568. Amortization expense amounted to \$1,070,483 and includes extinguishment of all deferred costs related to the retired bonds for the year ended August 31, 2015.

9. POSTRETIREMENT BENEFITS

The College sponsors defined benefit health care plans that provide postretirement medical benefits to all employees who meet certain eligibility requirements. The plans are not funded. The College has a liability associated with its postretirement health benefits obligation recorded on the consolidated statement of financial position.

In connection with the faculty union negotiations for the periods of fiscal 2013 through 2017, the union agreed to change the payment of postretirement benefits for existing employees to a fixed reimbursement model, effective on January 1, 2013. No employee hired after September 1, 2013 will be eligible for postretirement medical benefits under this plan. As a result, the College realized a reduction in the postretirement benefit obligation of \$34,272,262 in the non-operating expense line in 2013, and that amount is being amortized into operational expense over the remaining working lives of the affected employees.

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The status of the plans at August 31, 2015 is as follows:

Change in accumulated postretirement benefit obligation:	
Benefit obligation at September 1 (end of prior period)	\$ (9,838,849)
Service cost	(319,839)
Interest cost	(358,736)
Benefits paid	663,175
Actuarial gain	<u>271,882</u>
Benefit obligation at August 31	<u>\$ (9,582,367)</u>
Change in plan assets:	
Fair value of plan assets at September 1 (end of prior period)	\$ -
Contributions	(663,175)
Benefits paid	<u>663,175</u>
Fair value of plan assets at August 31	<u>\$ -</u>
Funded status of the plan:	
Accumulated employer contributions in excess of net periodic benefit cost	\$ (27,327,956)
Unrecognized prior service credit	26,139,573
Unrecognized net losses	<u>(8,393,984)</u>
Net accrued benefit liabilities, recognized in the consolidated statement of financial position	<u>\$ (9,582,367)</u>
Costs recognized in the consolidated statement of activities:	
Service cost	\$ (319,839)
Interest cost	(358,736)
Amortization of actuarial loss	(581,968)
Amortization of prior service credit	<u>2,426,795</u>
Net postretirement credit	<u>\$ 1,166,252</u>

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
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Changes other than net periodic postretirement benefit cost:

Actuarial gain	\$ 271,882
Amortization of unrecognized amounts	<u>(1,844,827)</u>

Total changes other than net periodic postretirement benefit costs	<u>\$ (1,572,945)</u>
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The amortized components of net periodic benefit cost expected to be recognized in fiscal 2016 are \$2,426,795 for the amortization of prior service cost (credit) and \$577,946 for the amortization of unrecognized net (loss) gain.

The significant actuarial assumptions used in the determination of actuarial present value of the projected benefit obligation and net periodic pension costs are:

Weighted average discount rate	4.20%
Healthcare cost trend rate	Declining from 7.04% in 2016 to 4.5% in 2027 and thereafter

Measurement date	August 31, 2015
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Benefits expected to be paid in cash for the next period beginning September 1 are as follows:

2016	\$ 912,501
2017	899,703
2018	921,302
2019	938,169
2020	937,253
2021-2025	3,888,855

Estimated employer contributions expected to be paid by the College during the fiscal year ending August 31, 2016 total \$912,501.

One-percentage-point increase in assumed healthcare cost trend rates:

Effect on total service and interest components	\$ 469
Effect on postretirement benefit obligation	5,327

One-percentage-point decrease in assumed healthcare cost trend rates:

Effect on total service and interest components	\$ (456)
Effect on postretirement benefit obligation	(5,222)

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10. RETIREMENT PLAN

The College has a contributory defined contribution retirement plan funded through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund for substantially all full-time employees. Contributions are based on a percentage of the participants' salaries. Total pension costs under this plan for the year ended August 31, 2015 totaled \$5,941,165.

11. ENDOWMENT

The College has endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 ("UPMIFA"). New York State adopted UPMIFA in September 2010 ("NYPMIFA").

The College's endowment consists of investments in land and 30 individual funds established for a variety of purposes. The endowment includes 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 designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the College has interpreted relevant New York law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies 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 to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by New York law.

In accordance with NYPMIFA the College considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund;
- The purposes of the College and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appropriation of investments;
- Other resources of the College; and
- The investment policy of the College.

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The College has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount. Annually, the College approves the endowment distribution for the following fiscal year. The endowment distribution is at the discretion of the Board of Trustees and is not based on a specific formula, nor is it directly tied to current investment returns.

To satisfy its long-term rate-of-return objectives, the College 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 College targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

At August 31, 2015, the endowment net asset composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ (6,587)	\$ 3,304,104	\$ 1,805,528	\$ 5,103,045
Board-designated funds	<u>95,395,905</u>	<u>-</u>	<u>-</u>	<u>95,395,905</u>
Total funds	<u>95,389,318</u>	<u>3,304,104</u>	<u>1,805,528</u>	<u>100,498,950</u>
Pledges to donor restricted funds, at gross	<u>-</u>	<u>-</u>	<u>629,183</u>	<u>629,183</u>
	<u>\$ 95,389,318</u>	<u>\$ 3,304,104</u>	<u>\$ 2,434,711</u>	<u>\$ 101,128,133</u>

NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
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Changes in endowment net assets for the fiscal year ended August 31, 2015 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at beginning of year, as restated (Note 3)	\$ 95,653,433	\$ 3,512,611	\$ 1,385,247	\$ 100,551,291
Investment return				
Investment income	1,149,930	53,583	-	1,203,513
Management and administrative fees	(187,379)	(14,506)	-	(201,885)
Net depreciation (realized and unrealized)	<u>(2,487,666)</u>	<u>(192,584)</u>	<u>-</u>	<u>(2,680,250)</u>
Total investment return	<u>(1,525,115)</u>	<u>(153,507)</u>	<u>-</u>	<u>(1,678,622)</u>
Contributions	-	-	420,281	420,281
Distribution for spending	-	(55,000)	-	(55,000)
Other changes	<u>1,261,000</u>	<u>-</u>	<u>-</u>	<u>1,261,000</u>
	<u>1,261,000</u>	<u>(55,000)</u>	<u>420,281</u>	<u>1,626,281</u>
Total funds before pledges receivable	<u>95,389,318</u>	<u>3,304,104</u>	<u>1,805,528</u>	<u>100,498,950</u>
Pledges receivable	<u>-</u>	<u>-</u>	<u>629,183</u>	<u>629,183</u>
Endowment net assets at end of year	<u>\$ 95,389,318</u>	<u>\$ 3,304,104</u>	<u>\$ 2,434,711</u>	<u>\$ 101,128,133</u>

As of August 31, 2015, the board-designated funds included \$31,234,000 of investments in real estate.

12. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At August 31, 2015, temporarily restricted net assets were available for the following purposes:

Professorship	\$ 1,138,452
Capital expenditures	427,030
Scholarships	1,880,402
Other restricted activities	<u>865,122</u>
	<u>\$ 4,311,006</u>

At August 31, 2015, permanently restricted net assets consisted of the following:

Endowment assets, primarily for scholarships	<u>\$ 2,434,711</u>
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NEW YORK INSTITUTE OF TECHNOLOGY
Notes to Consolidated Financial Statements
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Net assets released from restrictions were as follows for the year ended August 31:

	<u>2015</u>
Scholarships	\$ 268,600
College programs	<u>319,220</u>
	<u>\$ 587,820</u>

13. FUND-RAISING EXPENSES

In the accompanying consolidated statement of activities, institutional support includes fund-raising expenses for contributions, grants and contracts. For the year ended August 31, 2015, the College incurred fund-raising expenses of \$2,081,996.

14. COMMITMENTS AND CONTINGENCIES

Future minimum lease payments under capital lease obligations in excess of one year at August 31, 2015 are as follows:

Year Ending August 31,	
2016	\$ 67,728
2017	<u>29,916</u>
Total minimum lease payments	97,644
Less: amount representing interest	<u>(3,132)</u>
Present value of net minimum lease payments	<u>\$ 94,512</u>

The College has several noncancelable operating leases for space in Manhattan. These leases require payment of real estate taxes and escalation. Total rent expense for the year ended August 31, 2015 totaled approximately \$18,549,000. The College has recorded an accrual for its cumulative straight-line obligation of \$8,693,100 at August 31, 2015. This amount is included within the caption accounts payable and accrued liabilities on the consolidated statement of financial position.

Future minimum rentals required under the operating leases are as follows:

Year Ending August 31,	
2016	\$ 18,308,488
2017	12,307,811
2018	10,758,726
2019	6,127,741
2020	5,994,164
Thereafter	<u>15,398,880</u>
	<u>\$ 68,895,810</u>

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In connection with the future sale of certain properties located in Central Islip, the College has committed to the town to use a portion of the proceeds to improve its campus in Central Islip. Approximately \$155,000 was included in Funds Held in Trust on August 31, 2015.

In 2008, the U.S. Department of Education commenced a review of certain student recruiter compensation practices by Ellis College of New York Institute of Technology, an online branch campus operated with a third-party partner. The fiscal 2007 audit of compliance in accordance with Office Management and Budget Circular A-133 identified a finding relating to the compensation policies which were not in compliance with regulations. The policies were corrected during fiscal year 2008. The College and the government agreed to a settlement during 2012 of \$2,500,000, which was payable over five years. During 2015, payments totaling \$500,000, were made and \$500,000 is remaining to be paid in 2016.

In June 2014, NYIT applied to the Commission on Osteopathic College Accreditation (“COCA”) to establish an additional location for the College’s medical school on the campus of Arkansas State University in Jonesboro, Arkansas. COCA approved the application and subsequently conducted a site visit in October 2015. NYIT proposed to COCA opening the new location in Summer 2016 with an initial class of 115 students. COCA will act on the report from the site visitors in December 2015 and make a determination if and when the initial class will begin.

The College is planning to construct student residences with 699 beds and a campus commons with dining and student program space on the Old Westbury campus (“the Project”). The College has spent \$7,063,298 on the project as of August 31, 2015. The College anticipates spending up to an additional \$130 million, including contingencies. The Project is in the environmental review process with the Village of Old Westbury and surrounding jurisdictions. At this time, the College anticipates construction to begin summer 2016 and be ready for occupancy January 2018.

Litigation

The College has been named as a defendant in various legal actions claiming damages in connection with contractual arrangements and other matters. Management believes, on the basis of its understanding and consideration of these matters, that these actions will not result in payments of amounts, if any, which would have a material adverse effect on the consolidated financial statements.

Line of Credit and Standby Letter of Credit

The College has one unsecured line of credit of \$6,000,000 with a commercial bank. The line is subject to annual renewal with consent from both parties. As of August 31, 2015, there are no borrowings under the line of credit. Under the \$6,000,000 line of credit, expiring October 22, 2015, \$1,055,935 is reserved for open Standby Letters of Credit for security deposits that expire April 1, 2026. As of August 31, 2015, the net amount available for borrowing on the \$6,000,000 line of credit is \$4,944,065. The interest rate on the \$6,000,000 line of credit is LIBOR plus 150 basis points or the Prime rate.

Subsequent Events

The College has evaluated subsequent events and transactions that occurred after the balance sheet date of August 31, 2015 through December 18, 2015, the date these consolidated financial statements were available to be issued. As a result of this evaluation, there were no subsequent events that required either recognition or disclosure.

**APPENDIX C – SUMMARY OF CERTAIN PROVISIONS
OF THE LOAN AGREEMENT**

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of the Project

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

(Section 5)

Project Amendment

The Project may be amended with the prior written consent of the Authority, which consent will not be unreasonably withheld, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake. The Institute shall provide such money as in the reasonable judgment of the Authority may be required for the cost of completing the Project in excess of the money in the Construction Fund, whether such money is required as a result of an increase in the scope of the Project or otherwise.

(Section 6)

Financial Obligations

(a) Except to the extent that money is available therefor under the Resolution or under the Loan Agreement, including money in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the Institute by the Loan Agreement unconditionally agrees to pay, or cause to be paid, to or upon the order of the Authority, from its general funds or any other money legally available to it:

(i) On or before the date of delivery of the Bonds, the Authority Fee agreed to by the Authority and the Institute in connection with issuance of the Bonds;

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

(iii) On the tenth (10th) day of each month, commencing on September 10, 2016 to and including December 10, 2016, one-fourth (1/4th) of the interest coming due on January 1, 2017, and on the tenth (10th) day of each month thereafter, commencing January 10, 2017, one-sixth (1/6th) of the interest coming due on the Bonds on the immediately succeeding interest payment date therefor;

(iv) On the tenth (10th) day of each month commencing September 10, 2016 to and including June 10, 2017, one-tenth (1/10th) of the principal and Sinking Fund Installments coming due on July 1, 2017, and on the tenth (10th) day of each month thereafter, commencing July 10, 2017, one-twelfth

Appendix C

(1/12th) of the principal and Sinking Fund Installment on the Bonds coming due on the next succeeding July 1;

(v) Unless the redemption of Bonds at the option of the Authority or any purchase thereof in lieu of optional redemption is subject to the condition that sufficient money is available on the redemption date or the purchase date, on or prior to the date any notice of optional redemption or purchase in lieu of optional redemption is given, the Redemption Price or purchase price of the Bonds previously called for redemption or to be purchased;

(vi) On December 10th of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year, and on June 10th of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year;

(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 (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to paragraph (e) of this section and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, including, but not limited to, costs and expenses of insurance and auditing, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institute of all the provisions of the Loan Agreement or the Mortgage, in accordance with the terms of the Loan Agreement or the Mortgage, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution and the Series Resolution;

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

(ix) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund or otherwise available for the payment of any rebate required by the Code to be made and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the Institute shall receive a credit against the amount required to be paid by the Institute during a Bond Year pursuant to paragraph (iv) of this subsection (a) on account of a Sinking Fund Installment if, prior to the date notice of redemption is given for the redemption of the Bonds to be redeemed through such Sinking Fund Installment prior to the succeeding July 1, the Institute delivers to the Trustee for cancellation one or more Bonds to be so redeemed on such July 1. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority by the Loan Agreement directs the Institute, and the Institute by the Loan Agreement agrees to make: (1) the payments required by subparagraphs (iii) and (viii) of this paragraph (a), directly to the Trustee for deposit in the Debt Service Fund and application in accordance with the Resolution or the Series Resolution; (2) the payments required by subparagraph (v) of this paragraph (a), directly to the Trustee for payment of the Redemption Price or purchase price of Bonds called for optional redemption or purchase in lieu of optional redemption; (3) the payments required by subparagraph (ii) of this paragraph (a), directly to the Trustee for deposit in the Construction Fund or other fund or account established under the Resolution or the Series Resolution, as directed by the Authority; (4) the payments required by subparagraph (vii) of this paragraph (a), directly to the Trustee for application in accordance with the Resolution; (5) the payments required by subparagraph (xi) of this paragraph (a), directly to the Trustee for deposit in the Arbitrage Rebate Fund, and (6) the payments required by subparagraphs (i) and (vi) of this paragraph (a), directly to the Authority.

(b) Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this paragraph), (1) all money

paid by the Institute to the Trustee pursuant to subparagraphs (iii), (iv) and (viii) of paragraph (a) of this subsection (other than money received by the Trustee pursuant to the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for the Authority in satisfaction of the Institute's indebtedness to the Authority with respect to the interest on and principal or Redemption Price of the Bonds to the extent of such payment are applied to the payment of the principal or Redemption Price of or interest on the Bonds, and (2) the transfer by the Trustee of any money (other than money described in clause (1) of this paragraph (b)) held by it in the Construction Fund to the Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the Institute of a payment in satisfaction of the Institute's indebtedness to the Authority with respect to the Redemption Price of the Bonds to the extent of the amount of money transferred. Immediately after receipt or transfer of such money, as the case may be, by the Trustee, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution and the Series Resolution for the sole and exclusive benefit of the Bondholders, regardless of the actual due date or applicable payment date of any payment to the Holders of the Bonds, except in respect to the payment to the Institute by the Trustee as provided for in the Resolution.

(c) The obligations of the Institute 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 Institute may otherwise have against the Authority, the Trustee or any Holders of the Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institute to complete the Project or the completion thereof with defects, failure of the Institute to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution or the Series Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; **provided, however,** that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part in the Loan Agreement contained or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institute 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 Institute for, or to pay, the Costs of the Project beyond the extent of money in any fund or account established in connection with the issuance of bonds by the Authority for payment of the Costs of the Project.

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

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

(e) The Authority shall have the right in its sole discretion to make on behalf of the Institute any payment required pursuant to this section which has not been made by the Institute when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the Loan Agreement arising out of the Institute'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 Institute to make such payment.

(f) The Institute, 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 accordance with the directions of the Authority in the Debt Service Fund or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institute or any deposit in the Debt Service Fund made pursuant to

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paragraph (b) of this section, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; **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 or the Series Resolution, and to purchase or redemption all Bonds then Outstanding, or to pay or provide for the payment of all Bonds then Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institute, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) As soon as practicable after the Project is deemed to be complete in accordance with the Loan Agreement, the Authority shall determine, and notify the Institute of, the actual Authority Fee incurred by the Institute in connection with the Project to the date of such notice. The balance, if any, of such Authority Fee then unpaid, to the extent not paid from the Construction Fund, shall be paid by the Institute pursuant to paragraph (a) of this section. If upon such determination the actual amount of the Authority Fee incurred by the Institute in connection with the Project to the date of such notice is less than the amount paid theretofore, the Authority shall promptly refund to the Institute the amount paid in excess of such actual amount.

(Section 9)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institute pursuant to the Loan Agreement, the Institute continuously pledges, grants a security interest in, and assigns to the Authority the Pledged Revenues, together with the Institute's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues. This pledge, security interest and assignment shall have the priority provided for in the applicable intercreditor agreement.

The Institute represents and warrants that (i) no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any Lien, (ii) all corporate action on the part of the Institute to authorize the pledge thereof and the granting of a security interest therein has been duly and validly taken, and (iii) the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institute's performance under the Loan Agreement. The Institute covenants and agrees that (i) other than as permitted by Schedule D to the Loan Agreement, 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 of the Pledged Revenues made by this paragraph and (ii) it shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of the Authority and the Holders of Bonds against all claims and demands of all persons whomsoever.

(Section 10)

Collection of Pledged Revenues

(a) Subject to the provisions of paragraph (b) of this paragraph and the terms of any intercreditor agreement relating to Parity Debt, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institute shall deliver to the Trustee for deposit in accordance with the Resolution and the Series Resolution all Pledged Revenues (other than the Parity Debt) within ten (10) days following the Institute'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, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the Institute 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 paragraph, but the Institute shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the Institute with respect to the Pledged Revenues.

(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 the provisions of the Loan Agreement described above in paragraph (a) of the section entitled “Financial Obligations; Nature of Obligations” on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the Institute has made such payment from its general funds or from any other money legally available to it for such purpose, the Institute shall not be required solely by virtue of the previous paragraph to deliver Pledged Revenues to the Trustee.

(c) Any Pledged Revenues collected by the Institute that are not required to be paid to the Trustee pursuant to the Loan Agreement shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the Institute for any of its corporate purposes provided that no Event of Default 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 11)

Mortgage

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

(Section 12)

Warranty as to Title; Liens; Title Insurance

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

The Institute covenants that title to the Project and the Mortgaged Property shall be kept free from any Liens or commitments of any kind, other than Permitted Encumbrances and such other Liens, commitments with respect thereto or other matter approved in writing by the Authority.

The Institute agrees to provide or reimburse the Authority for providing at the sole option of the Authority (i) a title insurance policy in form and substance, and by insurer(s), acceptable to the Authority, in the amount of the aggregate principal amount of the Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid first mortgage lien on the Mortgaged Property, free and clear of other Liens and encumbrances except Permitted Encumbrances, and (ii) a current title survey or surveys, including a metes and bounds description, of the Mortgaged Property, certified to the Authority and the issuer of the title insurance policy and showing any easements to which the Mortgaged Property is subject, if applicable.

The Institute warrants, represents and covenants that (i) the Project and the Mortgaged Property are and/or shall be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation), and (ii) to the extent applicable, the Project and Mortgaged Property shall have its own separate and independent means of

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access, apart from any other property owned by the Institute or others. Such access, however, may be through common roads or walks owned by the Institute used also for other parcels owned by the Institute.

(Section 13)

Consent to Pledge and Assignment

(a) The Institute consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority's rights to receive the payments required to be made pursuant to the provisions of the Loan Agreement, (ii) the security interest in and pledge of the Pledged Revenues and the Mortgage granted by the Institute pursuant to the Loan Agreement, and (iii) all funds and accounts established by the Series Resolution pledged thereby, in each case to the extent pledged and assigned pursuant to or in accordance with the Resolution and the Series Resolution, to secure any payment or the performance of any obligation of the Institute under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Institute further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this section, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institute's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institute under the Loan Agreement.

(b) The Institute warrants and represents that:

(i) it has the requisite power and authority to enter into the Loan Agreement and to incur the indebtedness contemplated thereby in the manner and to the extent provided in the Loan Agreement, in the Resolution and the Series Resolution, to make and deliver the Mortgage and to pledge and grant a security interest in the Pledged Revenues and the Mortgaged Property to the Authority as security for performance of its obligations under the Loan Agreement;

(ii) the Loan Agreement and the Mortgage are valid, binding and legal obligations of the Institute enforceable against the Institute in accordance with their respective terms; **provided, however,** that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity; and

(iii) the execution and delivery of the Loan Agreement and the Mortgage, the pledge of and grant of a security interest in the Pledged Revenues and the Mortgaged Property, the consummation of the transactions contemplated thereby and compliance with the provisions of the Loan Agreement and thereof do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the charter or by-laws of the Institute or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the Institute is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institute or any of its properties.

(Section 14)

Tax-Exempt Status of Institute

The Institute represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a "private foundation," as such term is defined under Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income

taxes under Section 501(a) of the Code, except for unrelated business income subject to the taxation under Section 511 of the Code.

The Institute covenants that: (a) it shall not perform any act or enter into any agreement which will 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 Institute 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 any Project to be used in a manner, or for any trade or business unrelated to the purposes of the Institute, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 15)

Securities Acts Status

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

(Section 16)

Maintenance of Corporate Existence

The Institute covenants that it will maintain its corporate existence, will continue to operate as a non-profit educational organization, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for it to continue to operate, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it. The Institute, with the prior written consent of the Authority may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (ii) permit one or more corporations or any other organization to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or other organizations.

(Section 17)

Environmental Review and Historic Preservation

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

(Section 18)

Use, Control and Sale of the Project; Restrictions on Religious Use

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the Institute shall have sole and exclusive control and possession of and responsibility for (i) the Project and the Mortgaged Property, (ii) the supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project.

The Institute agrees that with respect to the Project or portion thereof, so long as the Project or portion thereof exists and unless and until the Project or a portion thereof is sold for the fair market value thereof, such Project or any portion thereof will not be used for sectarian religious instruction or as a place

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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 will not prohibit the free exercise of any religion; and provided, further, that if at any time after the effective date of the Loan Agreement, in the opinion of Bond Counsel, the then applicable law would permit the Project or a portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to the Project and each portion thereof.

(Sections 19 and 20)

Maintenance, Repair and Replacement

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

(Section 21)

Covenant as to Insurance

The Institute 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 Institute, 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 Institute shall at all times also maintain workers' compensation coverage and disability benefits insurance coverage as required by the laws of the State.

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

(Section 22)

Damage or Condemnation

In the event of a taking of the Project or the Mortgaged Property or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project or the Mortgaged Property, then and in such event proceeds of any insurance, condemnation or eminent domain award shall, if in excess of \$250,000, be paid upon receipt thereof by the Institute or the Authority to the Trustee for the Bonds for deposit in the Construction Fund, and (i) if within one hundred twenty (120) days by the Authority of actual notice or knowledge of the occurrence, the Institute and the Authority agree in writing that the Mortgaged Property or the Project or the affected portion thereof shall be repaired, replaced or restored, the Institute shall proceed to repair, replace or restore the Mortgaged Property or the Project, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as commercially possible with such changes and additions as shall be appropriate to the needs of the Institute and approved in writing by the Authority, such approval not to be unreasonably withheld or delayed. The funds required for such repair, replacement or restoration shall be paid from time to time as the work progresses, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institute; or (ii) if no

agreement for the repair, restoration or replacement the Project or the Mortgaged Property or the affected portion thereof shall be reached by the Authority and the Institute within such one hundred twenty (120) day period, the proceeds then held by the Institute shall be paid to the Trustee for deposit to the Debt Service Fund and the proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Bonds.

(Section 23)

Taxes and Assessments

The Institute shall pay when due without penalty at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Project or the Mortgaged Property or any part thereof, and upon all ordinary costs of operating, maintaining, renovating, repairing and replacing the Project and the Mortgaged Property and its equipment. The Institute shall file exemption certificates as required by law. The Institute agrees to exhibit to an Authorized Officer of the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; ***provided, however,*** that the good faith contest of such impositions will be deemed to be in complete compliance with the requirements set forth in the Loan Agreement if the Institute sets aside such reserves as may be required by good accounting practices. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the Institute, may pay (such payment shall be made under protest if so requested by the Institute) any such charges, taxes and assessments if, in the reasonable judgment of the Authority, the Project or the Mortgaged Property or any part thereof, would be in substantial danger by reason of the Institute's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, Lien, charge, fee or penalty that would impair (i) the interests or security of the Authority under the Loan Agreement or the Resolution or the Mortgage; (ii) the ability of the Authority to enforce its rights thereunder; (iii) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement, under the Series Resolution, the Resolution or the Mortgage; or (iv) the ability of the Institute to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the Institute agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 24)

Defaults and Remedies

As used in the Loan Agreement the term "Event of Default" shall mean:

(a) the Institute shall default in the timely payment of any amount payable pursuant to the Loan Agreement or the payment of any other amounts required to be delivered or paid by the Institute in accordance with the Loan Agreement, the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days;

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

(c) as a result of any default in payment or performance required of the Institute pursuant to 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

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

(d) the Institute (i) is not generally paying its debts as they become due, (ii) files, or consents 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) makes a general assignment for the benefit of its creditors, (iv) consents 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) is adjudicated insolvent or liquidated or (vi) takes corporate action for the purpose of any of the foregoing;

(e) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Institute, 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 is 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 Institute, or any petition for any such relief is filed against the Institute and such petition is not dismissed or stayed within ninety (90) days;

(f) the charter of the Institute is suspended or revoked;

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

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

(i) 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 Institute, which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days;

(j) 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 Institute, which order shall remain undismissed or unstayed for the earlier of (x) three Business Days prior to the date provided for in such order for sale, disposition or distribution or (y) an aggregate of thirty (30) days from the date such order shall have been entered;

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

(l) the Institute shall be in default on any Parity Debt; or

(m) the Institute shall be in default under the Mortgage beyond any applicable notice and cure period.

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

(a) declare all sums payable by the Institute under the Loan Agreement immediately due and payable;

(b) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Bonds or the Construction Fund or otherwise to which the Institute may otherwise be

entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or money for such purposes as are authorized by the Resolution and the Series Resolution;

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

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

(e) 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 sections of the Loan Agreement described above under the headings "Security Interest in Pledged Revenues" and "Collection of Pledged Revenues", by any one or more of the following actions: (A) enter the Institute and examine and make copies of the financial books and records of the Institute relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and money in the possession of the Institute representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; **provided, however**, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor, and may continue to do so commencing on each such interest payment date to the extent of amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the Institute five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institute 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 Institute's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institute whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institute to deposit all money, 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 Institute under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the Institute 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 Institute when all Events of Default under the Loan Agreement by the Institute have been cured; (E) forbid the Institute 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 Institute any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof; and

(f) to the extent permitted by law, (i) enter upon the Project and complete the construction of the Project 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 Institute, consent to such entry being given by the Institute under the Loan Agreement, (ii) at any time discontinue any work commenced in respect of the construction of a Project or change any course of action undertaken by the Institute and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (iii) assume any construction contract made by the Institute in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institute, whether or not previously incorporated into the

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construction of such Project, and (iv) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions of the Loan Agreement (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (y) pay, settle or compromise all bills or claims which may become liens against the Project or against any money of the Authority applicable to the construction of the Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of Liens or defects in the title to the Project or against any money of the Authority applicable to the construction of the Project, and (z) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institute will be liable to the Authority for all sums paid or incurred for construction of the Project whether the same is paid or incurred pursuant to the Loan Agreement 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 Institute to the Authority upon demand. The Institute 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 Institute for the purpose of exercising the rights granted to the Authority by the Loan Agreement during the term of the Loan Agreement; and

(g) foreclose the Mortgage or take such other action as the Authority may consider necessary or appropriate to enable the Authority to realize on its lien on the Mortgaged Property, or by law, including foreclosure of the Mortgage, and any other action or proceeding as permitted by the Loan Agreement, by the Mortgage or by law.

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

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made pursuant to subparagraph (i) of paragraph (a) of this section 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 28)

Investment of Moneys

The Authority may in its sole discretion direct the investment of certain moneys held under the Resolution as provided therein.

(Section 31)

Limitation on Agreements

The Institute shall not enter into any contract or agreement or perform any act which may materially adversely affect any of the rights of the Authority under the Loan Agreement or of the Holders of any Bonds.

(Section 33)

Arbitrage; Tax Exemption

Each of the Institute and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of Bonds, which would cause the Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use or otherwise cause interest on the Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation. Neither the Institute nor any "related

person” (as such term is defined in Section 148 of the Code) shall purchase any Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the Institute or by a related person of Bonds will not cause interest on the Bonds to be included in the gross income of the owners of the Bonds for purposes of federal income taxation.

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

In the event that the Authority is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Institute. In the event that the Institute is notified in writing that the Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Authority. Upon the occurrence of such an event, the Institute and the Authority shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto.

The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institute and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the Institute the Authority shall as soon as practicable provide the Institute with a copy of any such document, report or computation. The Authority shall also provide the Institute with a copy of all documents or reports filed with the Department of Treasury of the United States of America relating to the rebate of earnings.

(Section 34)

Certificate as to Representations and Warranties

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

(Section 35)

Amendments to Loan Agreement

The Loan Agreement may be amended only in accordance with the Resolution and each amendment must be made by an instrument in writing signed by the Institute and the Authority, an executed counterpart of which must be filed with the Trustee.

(Section 39)

Termination

The Loan Agreement will remain in full force and effect until no Bonds are Outstanding and all other payments, expenses and fees payable under the Loan Agreement by the Institute shall have been paid or provision made for the payment thereof; *provided, however*, that the liabilities and the obligations of the Institute to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred under the Loan Agreement shall nevertheless survive any such termination.

(Section 40)

Appendix C

Additional Covenants

The Loan Agreement contains certain covenants of the Institute wherein the Institute agrees to the following:

Maintenance Covenants

Debt Service Coverage Ratio Covenant

(i) The Debt Service Coverage Ratio Requirement. During each Fiscal Year, the Institute covenants to charge and maintain student tuition, fees and other charges and to budget operating expenses sufficient to provide a Debt Service Coverage Ratio of 1.2: 1.

(ii) Reporting Requirement. The Debt Service Coverage Ratio Covenant shall be tested annually based on the annual audited financial statements of the Institute. On or prior to the date set forth in Section 25(a)(i) of the Loan Agreement, the Institute shall file with the Authority a certificate of an Authorized Officer of the Institute stating whether for the preceding Fiscal Year the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

(iii) Remedies. (a) If in two consecutive Fiscal Years the Institute does not satisfy the Debt Service Coverage Ratio requirement, or (b) if for any Fiscal Year the Debt Service Coverage Ratio falls below 1:1, the Authority may require either a Management Plan from the Institute or a Management Consultant Call-In. Failure to maintain the required Debt Service Coverage Ratio, however, shall not constitute an Event of Default under the Loan Agreement.

Management Consultant Call-In. If the Authority elects to require the Institute to retain the services of a Management Consultant in accordance with the provisions described above in clause (iii), then the Authority shall, at its election which shall be exercised in writing within sixty (60) days of notice of the applicable covenant failure, request the Institute to engage, at the Institute's expense, a Management Consultant to review the fees and tuition, operations and management of the Institute and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the Institute to comply with such covenants within a reasonable period acceptable to the Authority. The Institute shall engage a Management Consultant within sixty (60) days of such request by the Authority.

Compliance With Recommendations. Whenever a Management Consultant is required to be engaged by the Institute pursuant to these covenants, copies of the report and recommendations of such Management Consultant shall be filed with the Authority, no later than one hundred twenty (120) days following the date of the engagement of such Management Consultant. The Institute shall deliver to the Authority and the Trustee within forty-five (45) days of receipt of such Management Consultant's report, a report setting forth in reasonable detail the steps the Institute proposes to take to implement the recommendations of such Management Consultant, as well as the provisions of periodic reports to demonstrate progress made in implementing the recommendations. Within thirty (30) days, the Authority shall provide to the Institute, in writing, any requested modifications to the Institute's implementation plan; otherwise, such plan shall be deemed acceptable by the Authority. Subject to any such modifications requested by the Authority, the Institute shall, to the extent feasible and subject to applicable requirements or restrictions imposed by law or regulation, promptly revise its tuition, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with such recommendations.

If the Institute complies in all material respects with the reasonable recommendations of the Management Consultant to the satisfaction of the Authority, the Institute will be deemed to have complied with the covenants described in this section for the Institute's Fiscal Year in which the Management Consultant's report is delivered.

Additional Debt Test

Long-Term Indebtedness. The Institute may issue, incur, assume or guarantee Long-Term Indebtedness without the prior written consent of the Authority only subject to the following conditions:

The Institute must, at the time of issuance, have a Long-Term Indebtedness rating not lower than investment grade (BBB-/Baa3) from at least one Nationally Recognized Statistical Rating Organization (“NRSRO”), and that rating must be maintained from at least one NRSRO after the issuance of the additional Long-Term Indebtedness, and except for an amount that does not exceed \$150,000,000 if such Long-Term Indebtedness is issued on or prior to August 31, 2018:

(i) the amount issued in any year is less than or equal to 10% of the value of the Institute’s unrestricted plus temporarily restricted net assets as reported on the most recent annual audited financial statements of the Institute, or

(ii) if the amount of such new Long-Term Indebtedness issued is in excess of 10% of the value of the Institute’s unrestricted plus temporarily restricted net assets as reported on the most recent annual audited financial statements of the Institute, the Institute must provide a certificate of an Authorized Officer of the Institute and pro forma calculations to the Authority demonstrating that the Institute’s required Debt Service Coverage Ratio would be met, based on the annual audited financial statements of the Institute for the most recently ended Fiscal Year, except as noted below, taking into account the additional debt and debt service. For purposes of calculating the pro forma Debt Service Coverage Ratio requirement for purposes of this subparagraph (ii), the Institute’s projected Maximum Annual Debt Service will be used instead of Annual Debt Service to determine compliance. In the event the project to be financed with such additional Long-Term Indebtedness is expected to generate additional revenues, such revenues, net of anticipated expenses, may be included in the pro forma calculations of the Debt Service Coverage Ratio requirement.

Parity Debt. To the extent the Institute issues, incurs, assumes or guaranties Long-Term Indebtedness or Refunding Debt in accordance with the provisions described in Schedule D to the Loan Agreement regarding Long-Term Indebtedness and Refunding Debt, such Long-Term Indebtedness or Refunding Debt may be secured by a security interest in the Pledged Revenues and/or a mortgage on the Mortgaged Property on a parity with the security interest in the Pledged Revenues and/or the Mortgage on the Mortgaged Property granted to the Authority to secure the Institute’s obligations under the Loan Agreement, subject to the execution of an intercreditor agreement, in form and substance satisfactory to the Authority, by and among the Authority, the Trustee and each other creditor with a lien on such Pledged Revenues and/or Mortgaged Property.

Refunding Debt. The Institute may issue, incur, assume or guaranty Refunding Debt without the consent of the Authority or compliance with the requirements described above provided that, after giving effect to such Refunding Debt, the Annual Debt Service on the Institute’s Long-Term Indebtedness to be outstanding thereafter will not be increased in any Fiscal Year as established by a certificate or report to that effect by an Authorized Officer of the Institute delivered to the Authority on or prior to the date such Refunding Debt is issued, incurred, assumed or guaranteed.

Non-Recourse Indebtedness. Notwithstanding the foregoing, the Institute may issue Non-Recourse Indebtedness without the Authority’s consent provided that any assets pledged as collateral or for the repayment of such indebtedness must have been acquired by the Institute after the issuance of the Bonds.

Short-Term Indebtedness. The Institute may incur Short-Term Indebtedness without the Authority’s consent if, with respect to such indebtedness, during any twelve (12) month period, there will be no outstanding balance for a period of not less than thirty (30) days or such shorter period as acceptable to the Authority.

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Exceptions

Notwithstanding the foregoing, the Institute will not be considered to have failed to meet the Debt Service Coverage Ratio requirement in accordance with the covenants described in Schedule D to the Loan Agreement if the Institute can demonstrate to the satisfaction of the Authority that such failure was solely due to a change in generally accepted accounting principles not previously applicable to the Institute.

Amendments

The Authority and the Institute may, without obtaining the consent of the Trustee or the Bondholders, amend the provisions of described in Schedule D to to the Loan Agreement and the related definitions upon which the calculations included in the financial covenants are based to provide for other alternative measures of the Institute's performance and ability to issue, incur, assume or guaranty additional Indebtedness.

**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

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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 Series 2015A Bonds. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold or own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds, and the pledge and assignment 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 such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds over any other Bonds except as expressly provided in or permitted by the Resolution.

(Section 1.03)

Additional Bonds and Other Obligations

The issuance of Bonds shall be authorized by a Series Resolution or Series Resolutions. The Authority shall receive, in addition to other requirements, a certificate of an Authorized Officer of the Institute stating that the Institute is not in default under the Loan Agreement, an opinion of Bond Counsel concerning the validity of the Resolution and the Bonds, and, if there is Collateral Security given to secure the Loan Agreement related to such Series of Bonds, which Collateral Security related to such Bonds constitutes Shared Collateral, an Intercreditor Agreement or an amendment to or modification of an existing Intercreditor Agreement, executed in connection with issuance of such Bonds.

(Section 2.02)

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.

(Section 2.05)

Pledge of Resolution

The proceeds from the sale of the Bonds of a Series, the Revenues derived from the Loan Agreement entered into in connection with the Bonds of such Series or from any realization upon any Collateral Security given in connection with such Loan Agreement, and, except as otherwise provided in the Resolution, all funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds are pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Bonds of such Series and as security for the performance of any other obligation of the Authority under the Resolution and under the Series Resolution authorizing the issuance of such Series of Bonds, all in accordance with the provisions thereof.

The pledges made are valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, all funds and accounts established by or pursuant to any Series Resolution which are pledged by the Resolution and the Authority's security interests in the Collateral Security 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

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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 the Bonds of such Series, the Revenues, all the funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series which are pledged by the Resolution as provided in the Resolution and the Authority's security interest in the Collateral Security.

(Section 5.01)

Establishment of Funds and Accounts

The following funds are established by the Resolution and shall be held and maintained by the Trustee:

Construction Fund, consisting of the Project Account, the Capitalized Interest Account and the Cost of Issuance Account;

Debt Service Fund; and

Arbitrage Rebate Fund.

(Section 5.02)

Application of Money in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing the issuance of such Series of Bonds or by the Bond Series Certificate relating to such Series. Moneys deposited in the Construction Fund shall be used only to pay Costs of Issuance of the applicable Series of Bonds and the Costs of the Project. The Trustee shall also deposit in the Construction Fund all amounts paid to it by the Institute which by the terms of the Loan Agreement are required to be deposited therein.

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

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

Second: To the Debt Service Fund, any balance remaining.

(Section 5.04)

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 thereof be deposited or paid by the Trustee as follows and in the following order of priority:

First: To the Debt Service Fund (i) in the case of Revenues received during the first six months of each Bond Year, the amount, if any, necessary to make the amount on deposit in the Debt Service Fund equal to (a) the interest on the Outstanding Bonds of the Series for which such Debt Service Fund was established payable subsequent to the first day of such Bond Year and on and prior to the first day of the second half of the Bond Year, 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) one half of the Sinking Fund Installments of Outstanding Option Bonds and

Variable Interest Rate Bonds of such Series payable during the next succeeding Bond Year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized herein under the heading “Debt Service Fund” on or prior to the first day of the second half of the Bond Year, 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 the Outstanding Bonds of such Series payable subsequent to the first day of the second half of the Bond Year and on and prior to the first day of the next succeeding Bond Year, 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) one-half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized herein under the heading “Debt Service Fund” on or prior to the first day of the next succeeding Bond Year, plus accrued interest thereon to the date of purchase or redemption;

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

Third: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee, 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 Loan Agreements 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 Third.

The Trustee shall, promptly after making the above required payments, notify the Authority and the Institute of any balance of Revenues remaining on the first day of the next succeeding Bond Year. 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 Institute, in the respective amounts set forth in such direction. Any amounts paid to the Institute shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Series Resolution or the applicable Loan Agreement.

(Section 5.05)

Debt Service Fund

(a) The Trustee shall pay out of the Debt Service Fund established in connection with Bonds of a Series other than Letter of Credit Secured Bonds, when due:

- (i) the interest due and payable on all Outstanding Bonds of such Series;
- (ii) the principal due and payable on the Outstanding Bonds of such Series; and
- (iii) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on the Outstanding Bonds of such Series.

The amounts paid out pursuant to the preceding clauses shall be irrevocably pledged to and applied to such payments.

(b) Notwithstanding the provisions of this paragraph (a), the Authority may, at any time subsequent to the first day of July of any Bond Year but in no event less than forty-five (45) days prior to

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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 established in connection with the Bonds of a Series, other than Letter of Credit Secured Bonds, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of such Series to be redeemed from such Sinking Fund Installment. In addition, the Institute pursuant to a Loan Agreement may deliver, at any time subsequent to July 1 (or such other date as provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds) 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 such Series 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 shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date; ***provided, however,*** that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

(c) The Trustee shall pay out of the Debt Service Fund established in connection with Letter of Credit Secured Bonds of a Series, when due, all amounts required to be paid to the Bank providing the Letter of Credit for the Bonds of such Series of Bonds to reimburse it for money advanced under the Letter of Credit for payment of:

- (i) the interest due and payable on the Outstanding Bonds of such Series;
- (ii) the principal due and payable on the Outstanding Bonds of such Series; and
- (iii) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on the Outstanding Bonds of such Series;

provided, however, that if the Bank fails to honor a properly submitted draw under the Letter of Credit for the Bonds of such Series, such money will be used to make payments due to the Holders of such Series of Bonds.

(Section 5.06)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the Institute for deposit therein and, notwithstanding any other provisions of Article V, 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 such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall be applied first to reimburse the affected Bank for any money advanced under the related Letter of Credit for which it has not been reimbursed, and second, deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

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

(ii) if and to the extent required by the Code, pay out of such Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the Available Money held in the Debt Service Fund established in connection with a Series of Bonds for the payment of the principal and Sinking Fund Installments of the Bonds of such Series, together with the Available Money held in the Debt Service Reserve Fund established for such Bonds, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of such Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the Resolution for the payment of such Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the Institute. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Bonds in the manner provided for redemption of such Bonds by the Resolution and by each 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 Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

Transfer of Investments

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

(Section 5.09)

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

(a) Money held under the Resolution by the Trustee, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority (which direction shall specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations or Exempt Obligations; ***provided,***

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however, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution.

(b) In lieu of the investments of money in obligations authorized in paragraph (a) above, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in a Construction Fund or Debt Service Reserve Fund in any Permitted Investment; ***provided, however***, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution, ***provided, further***, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person.

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

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

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

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

(Section 6.02)

Payment of Principal and Interest

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

(Section 7.01)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, including but not limited to the objects and purposes for which proceeds of the Bonds were expended and the respective amounts expended for such objects and purposes. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Institute, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, each Bank and the Institute. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the Authority's transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution with respect to the Shared Collateral or the Revenues, 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 on the proceeds from the sale of the Bonds, the Revenues, the Collateral Security and the funds and accounts established by the Resolution or pursuant to any Series Resolution; ***provided, however,*** that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations or otherwise incurring indebtedness under another and separate resolution or otherwise so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created pursuant to the Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institute

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

(Section 7.07)

Deposit of Certain Money in the Construction Fund

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

(Section 7.08)

Appendix D

Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds may be presented for payment, registration, transfer or exchange and the Trustee is by the Resolution appointed the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The provisions of this section shall be subject to the provisions of the Resolution.

(Section 7.09)

Amendment of Loan Agreement

Each Loan Agreement may, without the consent of the Holders of Bonds, be amended, changed, modified, altered or supplemented for any one or more purposes: (i) to add an additional covenant or agreement for the purpose of further securing the payment of the Institute's obligations under the Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the Institute contained in the Loan Agreement; (ii) to prescribe further limitations and restrictions upon the Institute's right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (iii) to surrender any right, power or privilege reserved to or conferred upon the Institute, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Institute contained in the Loan Agreement; (iv) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any Project, to amend the description of any Project or to add an additional Project; (v) to establish, amend or modify the Authority Fee or the Annual Administrative Fee payable by the Institute in connection with the Bonds of a Series; or (vi) with the prior written consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement or to amend, modify or waive any other provision of the Loan Agreement, provided that the same does not adversely affect the interests of the Bondholders in any material respect.

Notwithstanding the provisions of paragraph (a) of this section, the Loan Agreement relating to a Series of Bonds may not be amended, changed, modified, altered or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds of such Series as hereinafter provided if such amendment, change, modification, alteration, termination or waiver (i) reduces the amount of Revenues payable by the Institute under the Loan Agreement on any date or delays the date on which payment is to be made, (ii) modifies the events which constitute Events of Default under the Loan Agreement, (iii) diminishes, limits or conditions the rights or remedies of the Authority under the Loan Agreement upon the occurrence of an Event of Default thereunder, or (iv) adversely affects the rights of the Bondholders in any material respect.

No such amendment, change, modification, alteration, termination or waiver shall take effect unless the prior written consent of the Holders of at least a majority in principal amount of the Bonds then Outstanding of the affected Series; ***provided, however,*** that if such amendment, change, modification, alteration, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified maturity of such Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section.

No amendment, change, modification or termination of a Loan Agreement, or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification, alteration or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee and a copy thereof shall be sent to the affected Bank.

Bonds owned or held by or for the account of the Authority or the Institute shall not be deemed Outstanding for the purpose of consent provided for in this section, and neither the Authority nor the

Institute shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

For the purposes of this section, the purchasers of Bonds, 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 this section 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, Remarketing Agent or otherwise for resale, the nature of the amendment, change, modification, alteration, termination or waiver and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the initial offering, reoffering or resale of the Bonds of such Series. In addition, the Holder of an Outstanding Auction Rate Bond shall be deemed to have consented to an amendment, change, modification, alteration or termination permitted by this section if (i) the Trustee has mailed notice of such proposed amendment to the Holder of such Bonds in the same manner required by Article X of the Resolution for an amendment to the Resolution, (ii) on the first Auction Date for such Bond occurring at least twenty (20) days after the date on which the aforementioned notice is given by the Trustee the interest rate determined on such date is the Winning Bid Rate and (iii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of such Auction Rate Bond or any exemption from federal income tax to which the interest on such Auction Rate Bond would otherwise be entitled. As used in this paragraph the following terms shall have the respective meanings: “**Auction Rate Bond**” means a Variable Interest Rate Bond that is not an Option Bond, and that bears interest at rates determined by periodic auctions in accordance with procedures therefore established by the Series Resolution authorizing such Bond or the Bond Series Certificate related thereto; “**Auction Date**” means, with respect to any particular Auction Rate Bond, the date on which an auction is held or required to be held for such Bond in accordance with the procedures established therefore; and “**Winning Bid Rate**” when used with respect to an auction held for any particular Auction Rate Bond, shall have the meaning given to such term in the Series Resolution authorizing such Auction Rate Bond or the Bond Series Certificate related thereto, or, if not otherwise defined, means the lowest rate specified in any purchase bid submitted in such auction, which, if selected, would cause the aggregate principal amount of Auction Bonds offered to be sold in such auction to be subject to purchase bids at rates no greater than the rate specified in such purchase bid.

For the purposes of this section, 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, which determination shall be made without regard to the existence of any financial guaranty insurance policy issued in connection with such Bonds or a Letter of Credit for such Bonds. 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 Institute, the Authority and all Holders of Bonds.

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

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

(Section 7.12)

Appendix D

Modification and Amendment without Consent

The Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions: (a) to provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; (b) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution; (c) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution; (e) to confirm, as further assurance, any pledge under the Resolution and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues or any pledge of any other moneys, Securities or funds; (f) to modify any of the provisions of the Resolution or 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; (g) to modify or amend a Project; or (h) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable; provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Insurers and the Bondholders in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the Institute and the Rating Service upon its becoming effective.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

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

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

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

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee.

(Section 9.03)

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, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in the provisions of the Resolution summarized herein under the heading "Consent of Holders of Bonds", (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) 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; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon 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 this section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized herein under the heading "Powers of Amendment" to take effect when and as provided in this paragraph. 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 for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the provisions of the Resolution summarized herein under the heading "Powers of Amendment" and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in this section. Each such consent shall be effective only if accompanied by proof of the holding or owning at the

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date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds 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 the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by 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 provided for in this section 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 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 and will be effective as provided in this section, shall be given to the Bondholders by the Authority by mailing such notice to the 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 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 provided in this section). 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.

The purchasers of the Bonds of a Series, whether purchasing as underwriters or Remarketing Agent, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Resolution in the manner provided therein, 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, reoffering or resale of the Bonds of such Series by the Authority.

(Section 10.02)

Consent of Bank

Whenever by the terms of the Resolution the consent of any of the Holders of the Bonds of a Series to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each applicable Bank has been obtained. No modification or amendment of the Resolution which adversely affects a Bank shall be made without the written consent thereto of the Bank 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 Bank 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 10.03)

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

(Section 10.04)

Events of Default

Events of default under the Resolution and each Series Resolution include: failure to pay the principal, Sinking Fund Installments or Redemption Price of, or an installment of interest on, any Bond when the same shall become due and payable; default in the due and punctual performance of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolutions or any Series Resolution on the part of the Authority to be performed and such default continues for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee, which may give such notice in its discretion and must give such notice upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and diligently prosecute the cure thereof; the Authority defaults in the due and punctual performance of any covenants contained in the Series Resolution and, as a result thereof, the interest on the Bonds for a Series is no longer excludable from gross income under Section 103 of the Code (a “Taxability Default”); or an “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the Institute under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the provisions of the Resolution summarized herein under the heading “Events of Default”, other than a Taxability Default, then and in every such case the Trustee, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of each Series, shall, by a notice in writing to the Authority and each Rating Service, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. Upon the Trustee’s receipt of notice from the Bank that the Letter of Credit is in effect, the Trustee may draw on the Letter of Credit. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable. If all defaults shall have been remedied to the satisfaction of the Trustee, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and Outstanding, by written notice to the Authority the Trustee may, provided certain conditions are satisfied, annul such declaration and its consequences.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the provisions of the Resolution summarized herein under the heading “Events 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 per centum (25%) in principal amount of the Outstanding Bonds of each Series or, in the case of a happening and continuance of an Taxability Default, of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the

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provisions of the Resolution) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under any Series Resolution or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

(Section 11.04)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds 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 each Series or, in the case of a Taxability Default, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the 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.

(Section 11.08)

Defeasance

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other 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 affected Bank pro rata to reimburse such Bank for any moneys advanced under the related Letter of Credit for which such Banks have not been reimbursed, third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institute. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(b) Bonds for the payment or redemption of which Available Money shall have been set aside and shall be held in trust by the Trustee (through deposit of Available 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 subdivision 1 of this section. All Outstanding Bonds of any Series or any maturity within a 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 paragraph (a) of this section if (i) in case any of said Bonds are to be redeemed on any date prior to their

maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either Available Money in an amount which shall be sufficient, or Defeasance Securities purchased with Available Money the principal of and interest on which when due will provide money which, together with the Available 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 said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this section 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 said Bonds, (iv) the Trustee shall have received an opinion of Bond Counsel to the effect that making provision pursuant to this section 12.01(b) for payment of any Bond that is a Tax Exempt Bond will not cause said Bond to be considered to have been "reissued" for purposes of Section 1001 of the Code; (v) the Trustee shall have received the consent of the Bank in the case of Letter of Credit Secured Bonds for which amounts paid under the related Letter of Credit and to be reimbursed to the Bank are due and owing to the Bank; (vi) the Bank shall receive an opinion of counsel that the defeasance of the Bonds will not adversely impact the exclusion from gross income for federal income tax purposes of interest on the Bonds; and (vii) the Trustee shall have received a Verification Report. The Authority shall give written notice to the Trustee and each Rating Service of its selection of the Series and maturity the payment of which is to be made in accordance with this section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this section in the manner provided in the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said 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 said 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 hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each affected Bank pro rata to reimburse such Bank for

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any moneys advanced under the related Letter of Credit for which such Banks have not been reimbursed, third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institute. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(c) For the purpose of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, in accordance with paragraph (b) of this section, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; ***provided, however***, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (ii) of the second sentence of paragraph (b) of this section, the Trustee shall 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 affected Bank pro rata to reimburse such Bank for any moneys advanced under the related Letter of Credit for which such Banks have not been reimbursed, third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institute. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(d) Option Bonds will be deemed to have been paid in accordance with clause (ii) of the second sentence of paragraph (b) above only if there shall be deposited with the Trustee Available 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 paragraph (b) of this section, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (d). 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institute. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(e) 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 said 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 with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; ***provided, however***, that, before being required to make any such payment to the Authority, the Trustee 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)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an “event of default”, as provided in the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Authority, the Institute or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Accreted Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision of the Resolution, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the Resolution, the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued shall be deemed not to be accrued and unpaid interest thereon.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision of the Resolution, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred Income Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the provisions of the Resolution summarized herein under the heading “Acceleration of Maturity”, the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

(Section 14.07)

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**APPENDIX E – FORM OF APPROVING OPINIONS
OF CO-BOND COUNSELS**

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Nixon Peabody LLP
437 Madison Avenue
New York, NY 10022-7039
212-940-3000

August __, 2016

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$47,910,000 aggregate principal amount of New York Institute of Technology Revenue Bonds, Series 2016A (the “Series 2016A Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2016A Bonds are issued under and pursuant to the Act, the New York Institute of Technology Revenue Bond Resolution of the Authority, adopted on July 20, 2016 (the “Resolution”), the Series Resolution Authorizing Up To \$55,000,000 New York Institute of Technology Revenue Bonds, adopted on July 20, 2016 (the “Series 2016A Resolution”) and the Bond Series Certificate, dated as of August 11, 2016, relating to the Series 2016A Bonds (the “2016 Bond Series Certificate”). Said resolutions and the 2016 Bond Series Certificate are herein collectively referred to as the “Resolutions.” Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Resolutions.

The Series 2016A Bonds are an issue of bonds of the Authority (the “Bonds”), which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount, except as provided in the Resolutions or as may be limited by law. The Series 2016A Bonds are being issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue Bonds, in addition to the Series 2016A Bonds, only upon the terms and conditions set forth in the Resolution and such Bonds, when

issued, will be entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolution. However, each Series of Bonds issued under the Resolution will be separately secured from each other Series of Bonds.

The Series 2016A Bonds are dated and bear interest from their date of delivery and mature on July 1, in each of the years in the respective principal amounts, and bear interest, payable January 1, 2017 and semiannually thereafter on each January 1 and July 1, at the respective rates per annum set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$3,600,000	1.886%
2018	6,215,000	2.036
2019	6,970,000	2.299
2020	7,135,000	2.568
2021	7,325,000	2.768
2022	7,535,000	2.987
2023	7,765,000	3.187
2024	1,365,000	3.359

The Series 2016A Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or integral multiples thereof. The Series 2016A Bonds are numbered consecutively from one upward in order of issuance. The Series 2016A Bonds are subject to redemption and purchase-in-lieu-of optional redemption prior to maturity as provided in the Resolutions.

The Series 2016A Bonds are being issued to finance a loan by the Authority to New York Institute of Technology (the "Institute"). The Authority and the Institute have entered into a Loan Agreement, dated as of July 20, 2016 (the "Loan Agreement"), by which the Institute is required to make payments sufficient to pay the principal and Redemption Price of and interest on the Series 2016A Bonds, as well as the Authority's annual administrative expenditures and costs. All amounts payable under the Loan Agreement which are required to be paid to the Trustee under the Resolution for payment of the principal or Redemption Price of or interest on the Series 2016A Bonds have been pledged by the Authority for the benefit of the Holders of Outstanding Series 2016A Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2016A Bonds thereunder.

Dormitory Authority of the
State of New York

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2. The Series 2016A Resolution has been duly adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Series 2016A Resolution and the Resolution have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2016A Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2016A Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolutions and the Act.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

5. Interest on the Series 2016A Bonds is not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and so will be fully subject to federal income taxation.

6. Interest on the Series 2016A Bonds is exempt, by virtue of the Act, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

We have examined an executed Series 2016A Bond and, in our opinion, the form of said bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2016A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy. Except as stated in paragraph 5 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Series 2016A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2016A Bonds, or the interest thereon, if any action is taken with respect to the Series 2016A Bonds or the proceeds thereof upon the advice or approval of other counsel.

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State of New York

August __, 2016
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In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institute. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institute.

Very truly yours,

APPENDIX F – REFUNDED BONDS

<u>Series</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Par</u>	<u>Redemption Date</u>	<u>Redemption price</u>
Suffolk IDA Series 2000A	3/1/2017	5.250%	\$2,910,000	9/26/2016	100
	3/1/2018	5.250	3,065,000	9/26/2016	100
	3/1/2019	5.250	3,630,000	9/26/2016	100
	3/1/2020	5.250	3,820,000	9/26/2016	100
	3/1/2021	5.250	4,025,000	9/26/2016	100
	3/1/2026	5.000	22,805,000	9/26/2016	100
Nassau IDA Series 2000	3/1/2017	5.250	1,485,000	maturity	
	3/1/2018	5.250	1,560,000	maturity	
	3/1/2019	5.250	1,860,000	maturity	
	3/1/2020	5.250	1,955,000	maturity	
	3/1/2021	5.000	2,055,000	3/1/2020	100
	3/1/2026	4.750	11,395,000	3/1/2020	100

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APPENDIX G - FORM OF CONTINUING DISCLOSURE AGREEMENT

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AGREEMENT TO PROVIDE CONTINUING DISCLOSURE**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK INSTITUTE OF TECHNOLOGY REVENUE BONDS, SERIES 2016A**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of _____, is executed and delivered by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”), New York Institute of Technology (the “Obligated Person”), Manufacturers and Traders Trust Company, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

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“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Dissemination Agreement” means that agreement, dated January 31, 2005, as amended to the date hereof, by and between the Disclosure Dissemination Agent and the Issuer pursuant to which disclosure dissemination services are to be provided by the Disclosure Dissemination Agent.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding

Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means Manufacturers and Traders Trust Company and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than [120] days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending August 31, 2016, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the

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Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“EMMA”) System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Issuer, to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if audited financial statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Issuer and the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy each for the Issuer and the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;

- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to the Section 4(c) of this Disclosure Agreement:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-Payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, IRS notices or events affecting the tax status of the securities;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material;
 - 9. Defeasances;
 - 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 - 11. Ratings changes;
 - 12. Tender offers;
 - 13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
 - 14. Merger, consolidation, or acquisition of the Obligated Person, if material; and
 - 15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of

Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer or the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;”
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer or the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”

4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data;”

(viii) provide the Obligated Person and the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Issuer, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

(a) Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Official Statement for the Bonds as described in “PART 4—THE INSTITUTION” under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions*, similar to that set forth in the tables titled “**New Undergraduate Freshman and Transfer Student Application and Enrollment for the New York Campuses for Academic Years**,” “**Graduate Application and Enrollment for the New York Campuses for Academic Years**” and “**NYITCOM Application and First-Year Student Enrollment for Academic Years**;” (2) *student enrollment*, similar to that set forth in the table titled “**Total NYIT Student Enrollment For Academic Years**;” (3) *tuition and other*

student charges, similar to that set forth in the tables under the subheading, “***Tuition and Fees***;” (4) *financial aid*, similar to that set forth in the tables under the subheading “***Financial Aid Programs***;” (5) *faculty*, similar to that set forth in the three tables under the subheading, “**Faculty**;” (6) *employee relations*, including material information about union contracts and, unless such information is included in the Audited Financial Statements, retirement plans; (7) *endowment and similar funds*, unless such information is included in the Audited Financial Statements; (8) *plant values*, unless such information is included in the Audited Financial Statements; and (9) *outstanding long-term indebtedness*, unless such information is included in the Audited Financial Statements; together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed the Securities and Exchange Commission or available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;

7. Modification to rights of the security holders, if material;
8. Bond calls, if material;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Tender Offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify DASNY, the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, DASNY or the Trustee shall promptly notify the Obligated Person and also may notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to

subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer, the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Issuer, the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer or the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer or the Obligated Person desires to make, contain the written authorization of the Issuer or the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer or the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such

laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer or the Obligated Person, with the prior approval of DASNY, may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer or Obligated Person desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the date the Issuer or Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer or Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent may presume that the Obligated Person has obtained the prior approval of DASNY for such filing and shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer or Obligated Person, with the prior approval of DASNY, may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer or Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent may presume that the Obligated Person has obtained the prior approval of DASNY for such filing and shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the Issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person, with the approval of DASNY, from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If

the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Issuer has appointed DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement pursuant to the Disclosure Dissemination Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer or the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall

have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Issuer or the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Issuer or the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer or the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4(b) hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under said

Appendix G

Section 4(b). DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Issuer, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Issuer, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Issuer, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, DASNY, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person, the Trustee or the Issuer and the assumption by any such successor of the covenants of the Obligated Person, the Trustee or the Issuer hereunder;

(iv) to add to the covenants of the Obligated Person, the Issuer or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person, the Issuer or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Issuer, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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Appendix G

The Disclosure Dissemination Agent, the Issuer, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C.,**
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

NEW YORK INSTITUTE OF TECHNOLOGY,
Obligated Person

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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

By: _____
Authorized Officer

**MANUFACTURERS AND TRADERS TRUST
COMPANY,**
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): New York Institute of Technology
Name of Bond Issue: New York Institute of Technology Revenue Bonds, Series 2016A
Date of Issuance: _____
Date of Official Statement: _____

Maturity

CUSIP No.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): New York Institute of Technology
Name of Bond Issue: New York Institute of Technology Revenue Bonds, Series 2016A
Date of Issuance: _____

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of _____, by and among the Obligated Person, the Dormitory Authority of the State of New York, as Issuer, _____, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Obligated Person

cc: Issuer
Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary event disclosure” will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of _____ by and among the Issuer, the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ “amendment to continuing disclosure undertaking;”
2. _____ “change in obligated person;”
3. _____ “notice to investors pursuant to bond documents;”
4. _____ “certain communications from the Internal Revenue Service;”
5. _____ “secondary market purchases;”
6. _____ “bid for auction rate or other securities;”
7. _____ “capital or other financing plan;”
8. _____ “litigation/enforcement action;”
9. _____ “change of tender agent, remarketing agent, or other on-going party;”
10. _____ “derivative or other similar transaction;” and
11. _____ “other event-based disclosures.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of _____ by and among the Issuer, the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

- 1. _____ “quarterly/monthly financial information;”
- 2. _____ “change in fiscal year/timing of annual disclosure;”
- 3. _____ “change in accounting standard;”
- 4. _____ “interim/additional financial information/operating data;”
- 5. _____ “budget;”
- 6. _____ “investment/debt/financial policy;”
- 7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
- 8. _____ “consultant reports;” and
- 9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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