



\$402,460,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
THE NEW SCHOOL REVENUE BONDS

\$316,040,000
Series 2016A
(Tax-Exempt)

\$86,420,000
Series 2016B
(Federally Taxable)

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

Payment and Security: The New School Revenue Bonds, Series 2016A (Tax-Exempt) (the "Series 2016A Bonds") and The New School Revenue Bonds, Series 2016B (Federally Taxable) (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Series 2016 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 October 5, 2016, between The New School (the "University") and DASNY, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) established under DASNY's The New School Revenue Bond Resolution, adopted October 5, 2016 (the "Resolution"), the Series 2016A Resolution Authorizing Up to \$470,000,000 The New School Revenue Bonds, Series 2016A, adopted October 5, 2016 (the "Series 2016A Resolution") and the Series 2016B Resolution Authorizing Up to \$470,000,000 The New School Revenue Bonds, Series 2016B, adopted October 5, 2016 (the "Series 2016B Resolution" and, together with the Series 2016A Resolution, the "Series 2016 Resolutions"). The Resolution and the Series 2016 Resolutions are collectively referred to herein as the "Resolutions."

The Loan Agreement is a general obligation of the University and requires the University to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2016 Bonds, as such payments become due. The obligations of the University under the Loan Agreement to make such payments are secured by a pledge of tuition and fee revenue of the University.

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

Description: The Series 2016 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and will bear interest at the rates and will pay interest and mature at the times and in the respective principal amounts shown on the inside cover hereof. Interest due 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 2016 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 2016 Bonds, by wire transfer to the holder of such Series 2016 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 2016 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of Series 2016 Bonds, by wire transfer to the holder of such Series 2016 Bonds as more fully described herein.

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

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

Tax Matters: *In the opinion of Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Series 2016A Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Series 2016A Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest.*

In the opinion of Squire Patton Boggs (US) LLP, and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel, under existing law, interest on the Series 2016B Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. INTEREST ON THE SERIES 2016B BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.

For a more complete discussion of the tax aspects, see "PART 12 - TAX MATTERS" herein.

The Series 2016 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2016 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its Special Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York, and certain other legal matters will be passed upon for the University by its chief legal officer. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, New York, New York. DASNY expects to deliver the Series 2016 Bonds in definitive form in New York, New York, on or about November 17, 2016.

Goldman, Sachs & Co.

Rice Financial Products Company

Wells Fargo Securities

\$402,460,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
THE NEW SCHOOL REVENUE BONDS

\$316,040,000
Series 2016A (Tax-Exempt)

\$142,540,000 Serial Bonds

<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number⁽¹⁾</u>	<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number⁽¹⁾</u>
2021	\$ 5,045,000	5.00%	1.49%	64990CHP9	2030	\$ 8,295,000	5.00%	2.83%*	64990CHY0
2022	3,365,000	5.00	1.64	64990CHQ7	2031	8,705,000	5.00	2.91*	64990CHZ7
2023	3,405,000	5.00	1.83	64990CHR5	2032	9,140,000	5.00	2.98*	64990CJA0
2024	4,095,000	5.00	2.02	64990CHS3	2033	9,595,000	3.25	3.47	64990CJD4
2025	5,985,000	5.00	2.20	64990CHT1	2034	12,825,000	3.25	3.52	64990CJE2
2026	6,295,000	5.00	2.36	64990CHU8	2035	13,245,000	5.00	3.11*	64990CJF9
2027	7,625,000	5.00	2.52*	64990CHV6	2036	13,905,000	5.00	3.14*	64990CJG7
2028	8,010,000	5.00	2.63*	64990CHW4	2037	14,605,000	5.00	3.17*	64990CJJ1
2029	8,400,000	5.00	2.75*	64990CHX2					

\$19,770,000 5.00% Term Bond Due July 1, 2041, to Yield 3.23%* CUSIP Number⁽¹⁾ 64990CJK8

\$104,270,000 4.00% Term Bond Due July 1, 2043, to Yield 3.70%* CUSIP Number⁽¹⁾ 64990CJC6

\$39,460,000 5.00% Term Bond Due July 1, 2046, to Yield 3.28%* CUSIP Number⁽¹⁾ 64990CJB8

\$10,000,000 5.00% Term Bond Due July 1, 2050, to Yield 3.41%* CUSIP Number⁽¹⁾ 64990CJH5

\$86,420,000
Series 2016B (Federally Taxable)

\$30,730,000 Serial Bonds

<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>	<u>Due July 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number⁽¹⁾</u>
2017	\$1,805,000	1.450%	100%	64990CJL6	2022	\$3,185,000	2.704%	100%	64990CJR3
2018	2,930,000	1.725	100	64990CJM4	2023	3,270,000	2.854	100	64990CJS1
2019	2,980,000	1.978	100	64990CJN2	2024	3,365,000	3.020	100	64990CJT9
2020	3,040,000	2.237	100	64990CJP7	2025	3,465,000	3.170	100	64990CJU6
2021	3,110,000	2.437	100	64990CJQ5	2026	3,580,000	3.270	100	64990CJV4

\$55,690,000 4.224% Term Bond Due July 1, 2038, Price 100% CUSIP Number⁽¹⁾ 64990CJW2

* Priced at the stated yield to the first optional call date of January 1, 2027 at a redemption price of 100%.

⁽¹⁾ CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Marketing Intelligence, a division of S&P Global, Inc.. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2016 Bonds. DASNY is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2016 Bonds.

No dealer, broker, salesperson or other person has been authorized by DASNY, the University or the Underwriters to give any information or to make any representations with respect to the Series 2016 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY, the University or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2016 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The University has reviewed the parts of this Official Statement describing the University, the Principal and Interest Requirements, the Series 2016 Project, the Refunding Plan, the Estimated Sources and Uses of Funds, Bondholders' Risks, Continuing Disclosure and Appendix B. As a condition to delivery of the Series 2016 Bonds, the University will certify that as of the date of this Official Statement and of delivery of the Series 2016 Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The University makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

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

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2016 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2016 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. – CHAIR

OFFICIAL STATEMENT RELATING TO
\$402,460,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
THE NEW SCHOOL REVENUE BONDS, SERIES 2016

\$316,040,000	\$86,420,000
Series 2016A	Series 2016B
(Tax-Exempt)	(Federally Taxable)

PART 1 — INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page, inside cover page and appendices, is to provide information about DASNY and the University, in connection with the offering by DASNY of \$316,040,000 aggregate principal amount of its The New School Revenue Bonds, Series 2016A (Tax-Exempt) (the “Series 2016A Bonds”) and \$86,420,000 aggregate principal amount of its The New School Revenue Bonds, Series 2016B (Federally Taxable) (the “Series 2016B Bonds” and, together with the Series 2016A Bonds, the “Series 2016 Bonds”).

The following is a brief description of certain information concerning the Series 2016 Bonds, DASNY and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2016 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 2016 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used to finance all or a portion of the cost of the Series 2016 Project (as defined herein), consisting of the acquisition of a commercial building for future use by the University and the refunding of a portion of DASNY’s outstanding The New School Revenue Bonds, Series 2010 (the “Series 2010 Bonds” and the portion thereof to be refunded with proceeds of the Series 2016 Bonds and other available moneys, the “Refunded Bonds” as more particularly described herein). Proceeds of the Series 2016 Bonds will also be applied to pay Costs of Issuance of the Series 2016 Bonds. See “PART 4 – THE SERIES 2016 PROJECT,” “PART 5 – THE REFUNDING PLAN” and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Resolution authorizes the issuance of one or more Series of Bonds (collectively, the “Bonds”) pursuant to one or more Series Resolutions for the benefit of the University. The Series 2016 Bonds will be issued pursuant to the Act, the Resolution and the Series 2016 Resolutions. In addition to the Series 2016 Bonds, the Resolution authorizes the issuance of other Series of Bonds to, among other things, pay Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of DASNY or other indebtedness of the University. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2016 Bonds. See “PART 3 – THE SERIES 2016 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 University

The University is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Board of Regents of the State. The University is located in The City of New York, New York. See “PART 7 – THE UNIVERSITY” and “Appendix B – Consolidated Financial Statements of The New School as of June 30, 2016 and 2015 and for the Years then Ended with Independent Auditors’ Report Thereon.”

The Series 2016 Bonds

The Series 2016 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 as set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2016 BONDS - Description of the Series 2016 Bonds.”

Payment of the Series 2016 Bonds

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

Security for the Series 2016 Bonds

The Series 2016 Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Resolution and the Series 2016 Resolutions. The Series 2016 Bonds will also be secured by the assignment by DASNY to the Trustee of the security interest in tuition and fees charged to students for academic instruction and other money, income, rents or revenues of the University (the “Pledged Revenues”) given by the University to DASNY to secure its obligations under the Loan Agreement.

DASNY has previously issued bonds for the benefit of the University pursuant to its The New School Revenue Bond Resolution adopted October 27, 2010 (the “Prior Resolution”), and the related series resolutions and loan agreements, including its \$301,055,000 original principal amount of Series 2010 Bonds issued on December 8, 2010, outstanding in the principal amount of \$15,575,000 after taking into account the refunding of the Refunded Bonds, its \$35,480,000 original principal amount of The New School Revenue Bonds, Series 2011 issued on October 20, 2011, currently outstanding in the principal amount of \$29,825,000 (the “Series 2011 Bonds”), and its \$124,290,000 original principal amount of The New School Revenue Bonds, Series 2015A issued on May 1, 2015, currently outstanding in the principal amount of \$122,755,000 (the “Series 2015A Bonds” and collectively with the Series 2010 Bonds and the Series 2011 Bonds, the “Prior Bonds”). The security interest in the Pledged Revenues securing the Series 2016 Bonds will be of equal priority with the security interests in the Pledged Revenues securing the Prior Bonds. The University may in the future incur indebtedness secured by the Pledged Revenues on a parity with the security interest in the Pledged Revenues securing the Series 2016 Bonds and the Prior Bonds. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS – Security for the Series 2016 Bonds,” “ – Security for Prior Bonds and Issuance of Additional Indebtedness,” “ – The Pledged Revenues Intercreditor Agreement” and “PART 7 – THE UNIVERSITY – Outstanding Indebtedness.”

The Series 2016 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2016 Bonds except for DASNY’s responsibility to make payments from moneys received from the University

pursuant to the Loan Agreement and from amounts held in the funds and accounts established pursuant to the Series 2016 Resolutions and pledged therefor.

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

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2016 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution and the Series 2016 Resolutions. Copies of the Loan Agreement, the Resolution and the Series 2016 Resolutions 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 2016 Bonds

The Series 2016 Bonds will be special obligations of DASNY. The principal of and interest on the Series 2016 Bonds are payable solely from the Revenues. The Revenues include the payments required to be made by the University under the Loan Agreement on account of the principal and Sinking Fund Installments of and interest on the Outstanding Series 2016 Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2016 Bonds.

The Loan Agreement is a general obligation of the University and obligates the University to make payments to satisfy the principal and Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2016 Bonds. Generally, payments to satisfy principal and Sinking Fund Installments and interest on the Series 2016 Bonds are to be made monthly on the 10th day of each month. Each payment is to be equal to a proportionate share of the interest on the Series 2016 Bonds coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the University to make payments sufficient to pay, at least 45 days prior to a redemption date or purchase date of Series 2016 Bonds called for redemption or contracted to be purchased (or such shorter period as DASNY shall permit), the amount, if any, required to pay the Redemption Price or Purchase Price of such Bonds. See “PART 3 – THE SERIES 2016 BONDS - Redemption and Purchase in Lieu of Redemption Provisions.”

DASNY has directed the University, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal of and interest on the Series 2016 Bonds.

Security for the Series 2016 Bonds

The Series 2016 Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Resolution and the Series 2016 Resolutions. As security for its obligations under the Loan Agreement, the University has granted to DASNY a security interest in the Pledged Revenues, subject to any existing and future liens securing Parity Indebtedness. DASNY has pledged and assigned to the Trustee for the benefit of the Holders of Series 2016 Bonds its security interest in the Pledged Revenues. In accordance with the Pledged Revenues Intercreditor Agreement (defined below), the security interest in Pledged Revenues that secure the Series 2016 Bonds will be of equal priority with the security interests in Pledged Revenues securing the Prior Bonds. See “PART 7 – THE UNIVERSITY – Outstanding Indebtedness.”

Pursuant to the Loan Agreement, the University has covenanted not to incur additional debt if the lien securing such debt would constitute a prior pledge relative to the security interest in the Pledged Revenues securing the Series 2016 Bonds. However, the University may in the future incur indebtedness secured by the Pledged Revenues on a parity with the security interest in Pledged Revenues securing the Series 2016 Bonds and the Prior Bonds. See “ – Security for Prior Bonds and Issuance of Additional Indebtedness” below and “Appendix D – Summary of Certain Provisions of the Resolution.”

Events of Default and Acceleration

The following are events of default under the Resolution and each of the Series 2016 Resolutions: (i) with respect to the Series 2016 Bonds, a default by DASNY in the payment of the principal, Sinking Fund Installment or Redemption Price of any Series 2016 Bond; or (ii) with respect to the Series 2016 Bonds, a default by DASNY in the payment of any installment of interest on any Series 2016 Bond; or (iii) with respect to the Series 2016A Bonds, a Determination of Taxability shall have occurred and be continuing; or (iv) with respect to the Series 2016 Bonds, a default by DASNY in the due and punctual performance of any of the covenants, conditions, agreements or provisions contained in the Resolution or in the Series 2016 Bonds or in the Series 2016 Resolutions which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Series 2016 Bonds) or if such default is not capable of being cured within 30 days, if DASNY fails to commence within 30 days and diligently prosecute the cure thereof; or (v) with respect to the Series 2016 Bonds, DASNY shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Series 2016 Bonds, shall declare the principal of and interest on all the Outstanding Series 2016 Bonds to be due and payable. At any time after the principal of the Series 2016 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2016 Bonds not yet due by their terms and then Outstanding, by written notice to DASNY, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the University within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2016 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 2016 Bonds.

Security for Prior Bonds and Issuance of Additional Indebtedness

In addition to the Series 2016 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of DASNY or other indebtedness of the University. Each Series of Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the applicable Series Resolution. 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 2016 Bonds.

As security for its obligations under each of the loan agreements entered into in connection with the Prior Bonds, the University granted to DASNY a security interest in the Pledged Revenues. The security interest in Pledged Revenues securing the Series 2016 Bonds will be of equal priority with the security interests in Pledged Revenues securing the Prior Bonds in accordance with the Pledged Revenues Intercreditor Agreement. See " – Pledged Revenues Intercreditor Agreement" below.

As further security for its obligations under the loan agreements entered into in connection with the Prior Bonds, the University granted to DASNY mortgages on certain real property of the University and security interests

in certain fixtures, furnishings and equipment used in connection with such real property. There is no such mortgage securing the University's obligations under the Loan Agreement.

The University may in the future incur indebtedness secured by the Pledged Revenues on a parity with the security interest in the Pledged Revenues securing the Series 2016 Bonds and the Prior Bonds. The University may also incur indebtedness secured by a mortgage or lien on real or personal property of the University without granting to DASNY any such mortgage or lien to secure the University's obligations under the Loan Agreement.

The Pledged Revenues Intercreditor Agreement

In connection with the issuance of the Series 2016 Bonds, DASNY and the Trustee will enter into an intercreditor agreement (the "Pledged Revenues Intercreditor Agreement") with the applicable trustee for each series of the Prior Bonds any portion of which remains outstanding after the issuance of the Series 2016 Bonds. Pursuant to the Pledged Revenues Intercreditor Agreement, the parties will agree that each security interest in, pledge of and lien upon the Pledged Revenues made or given to secure the University's obligations under any of the applicable loan agreements shall be of equal priority with each other. Each secured party may declare or decline to declare, to the extent it has the right to do so under the applicable loan agreements, an event of default under any loan agreement to which it is a party, including by assignment. All readily identifiable proceeds of the Pledged Revenues shall be treated as being subject to and disposed of in accordance with the priorities established by the Pledged Revenues Intercreditor Agreement. The Pledged Revenues Intercreditor Agreements provides that the proceeds of any Pledged Revenues received by a secured party shall be held in trust, in a segregated account, for the benefit of the secured parties. Any such proceeds will be distributed, after reimbursement for any costs and expenses of foreclosing, realizing upon or preserving or protecting the Pledged Revenues, to each secured party, pro rata, based on the unpaid principal amount of the indebtedness and interest due and payable at the time of calculation under each of the loan agreements, but not in excess of the principal of and interest on such indebtedness, or other financial obligations then due and unpaid thereunder.

General

The Series 2016 Bonds will not be a debt of the State and the State will not be liable on the Series 2016 Bonds. DASNY has no taxing power. See "PART 9 – DASNY."

PART 3 — THE SERIES 2016 BONDS

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

Description of the Series 2016 Bonds

The Series 2016 Bonds will be issued pursuant to the Resolution and the Series 2016 Resolutions and will be 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 set forth on the inside cover page of this Official Statement.

The Series 2016 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2016 Bonds will be payable by check or draft mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2016 Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five Business Days prior to the Record Date for such Series 2016 Bonds immediately preceding the interest payment date. If the Series 2016 Bonds are not registered in the name of The Depository Trust Company,

New York, New York (“DTC”) or its nominee, Cede & Co., the principal and Redemption Price of the Series 2016 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2016 Bonds will be registered in the name of Cede & Co., as nominee for DTC, pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2016 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 2016 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2016 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 2016 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 2016 Bonds, the Series 2016 Bonds will be exchangeable for fully registered Series 2016 Bonds in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “ – Book-Entry Only System” below and “Appendix D – Summary of Certain Provisions of the Resolution.”

For a more complete description of the Series 2016 Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2016 Bonds are subject to redemption and to purchase in lieu of optional redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2016 Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Optional Redemption

Series 2016A Bonds

The Series 2016A Bonds maturing on or before July 1, 2026 are not subject to optional redemption prior to maturity. The Series 2016A Bonds maturing after July 1, 2026 are subject to redemption prior to maturity at the option of DASNY upon direction of the University, on or after January 1, 2027, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2016A Bonds to be redeemed, plus accrued interest to the redemption date.

Series 2016B Bonds

The Series 2016B Bonds are subject to redemption prior to maturity on any Business Day, in any order at the option of DASNY upon direction of the University, in whole or in part (and, if in part, in authorized denominations and on a pro rata basis, subject to the provisions described below under “ – Selection of Bonds to be Redeemed – *Series 2016B Bonds*”), at the Make-Whole Redemption Price described below.

“*Make-Whole Redemption Price*” means the greater of (i) 100% of the principal amount of a Series 2016B Bond to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2016B Bond, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2016B Bond is to be redeemed, discounted to the date on which such Series 2016B Bond is to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate (as defined below) plus (A) fifteen (15) basis points for the Series 2016B Bonds maturing on July 1 in the years 2017 through 2020, inclusive, (B) twenty (20) basis points for the Series 2016B Bonds maturing on July 1 in the years 2021 through 2024, inclusive, and (C) twenty-five (25) basis points for the Series 2016B Bonds maturing on July 1 in the years 2025 through 2038, inclusive, plus, in each case, accrued and unpaid interest on such Series 2016B Bond to the redemption date. The Trustee may retain, at the expense of the University, 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

determination of the Make-Whole Redemption Price by such accounting firm or financial advisor shall be conclusive and binding on the Trustee, DASNY, the University and the Holders of the Series 2016B Bonds, and neither the Trustee nor DASNY nor the University will have any liability for their reliance thereon.

“*Treasury Rate*” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

As used in connection with the above definition of “Treasury Rate” the following capitalized terms have the following meanings: (a) “*Comparable Treasury Issue*” means the United States Treasury security or securities selected by a Designated Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Series 2016B Bonds; (b) “*Comparable Treasury Price*” means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation; (c) “*Designated Investment Banker*” means a Primary Treasury Dealer appointed by the University; (d) “*Primary Treasury Dealer*” means one or more entities appointed by the University, which, in each case, is a primary U.S. Government securities dealer in The City of New York, New York, and its successors; and (e) “*Primary Treasury Dealer Quotations*” means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

Mandatory Redemption

Series 2016A Bonds

The Series 2016A Bonds maturing July 1, 2041, July 1, 2043, July 1, 2046 and July 1, 2050 are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of Series 2016A Bonds to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2016A Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Resolutions permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and DASNY shall be required to pay for the retirement of the Series 2016A Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

Series 2016A Bonds		Series 2016A Bonds	
<u>Maturing July 1, 2041</u>		<u>Maturing July 1, 2043</u>	
2038	\$ 590,000	2038	\$15,335,000
2039	6,085,000	2039	15,950,000
2040	6,390,000	2040	16,585,000
2041	6,705,000 †	2041	17,255,000
		2042	19,190,000
		2043	19,955,000 †

† Final maturity.

Series 2016A Bonds	
<u>Maturing July 1, 2046</u>	
2042	\$ 7,040,000
2043	7,395,000
2044	8,745,000
2045	9,175,000
2046	7,105,000 †

Series 2016A Bonds	
<u>Maturing July 1, 2050</u>	
2046	\$2,520,000
2047	1,755,000
2048	1,830,000
2049	1,910,000
2050	1,985,000 †

† Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2016A Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of DASNY, (C) purchased by the University or DASNY and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2016A Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2016A Bonds so purchased payable on the next succeeding July 1. Series 2016A Bonds redeemed at the option of DASNY, purchased by DASNY or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2016A Bonds of the maturity so purchased will be reduced for such year.

Series 2016B Bonds

The Series 2016B Bonds maturing July 1, 2038 are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of Series 2016B Bonds to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2016B Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Resolutions permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and DASNY shall be required to pay for the retirement of the Series 2016B Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

Series 2016B Bonds			
<u>Maturing July 1, 2038</u>			
2027	\$3,695,000	2033	\$4,740,000
2028	3,850,000	2034	4,940,000
2029	4,015,000	2035	5,150,000
2030	4,185,000	2036	5,370,000
2031	4,360,000	2037	5,595,000
2032	4,545,000	2038	5,245,000 †

† Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2016B Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of DASNY, (C) purchased by the University or DASNY and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2016B Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2016B Bonds so purchased payable on the next succeeding July 1. Series 2016B Bonds redeemed at the option of DASNY, purchased by DASNY or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of

one or more Sinking Fund Installments as nearly as practicable pro rata, taking into consideration the authorized denominations. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2016B Bonds of the maturity so purchased will be reduced for such year.

Special Redemption of the Series 2016A Bonds

The Series 2016A Bonds are subject to redemption prior to maturity at the option of DASNY in any order, as a whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2016A Bonds to be redeemed, plus accrued interest to the redemption date from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Series 2016 Project.

Selection of Bonds to be Redeemed

Series 2016A Bonds

In the case of redemptions of less than all of the Series 2016A Bonds, 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 redeemed, the Series 2016A Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Series 2016B Bonds

If the Series 2016B Bonds are registered in book-entry only form and so long as Cede & Co (or such other DTC nominee) is the sole registered owner of such Series 2016B Bonds, if less than all of the Series 2016B Bonds of a maturity are called for prior redemption, the particular Series 2016B Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2016B Bonds are held in book-entry form, the selection for redemption of such Series 2016B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the Securities Depository operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2016B Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

DASNY intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither DASNY nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Series 2016B Bonds on such basis.

In connection with any repayment of principal, the Trustee will direct DTC to make a pro rata pass-through distribution of principal to the holders of the Series 2016B Bonds.

For purposes of calculation of the pro rata pass-through distribution of principal, "pro rata," means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series 2016B Bonds where (a) the numerator is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator is equal to the total original par amount of the respective Series 2016B Bonds.

If the Series 2016B Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2016B Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Series 2016B Bonds will continue to be paid to the registered owners of such Series 2016B Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series 2016B Bonds to be redeemed.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2016 Bonds in the name of DASNY, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2016 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than 10 Business Days prior to the date such notice is given. Each notice of redemption, other than a notice of “Mandatory Redemption” or “Special Redemption,” may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2016 Bonds to be redeemed. The failure of any owner of a Series 2016 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2016 Bond.

If on the redemption date moneys for the redemption of the Series 2016 Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, and if notice of redemption has been mailed, then interest on the Series 2016 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2016 Bonds will no longer be considered to be Outstanding.

Purchase in Lieu of Optional Redemption

The Series 2016 Bonds are also subject to purchase in lieu of optional redemption prior to maturity at the option of the University with the consent of DASNY, in any order, in whole or in part at any time, at a purchase price equal to (i) in the case of the Series 2016A Bonds, 100% of the principal amount of the Series 2016A Bonds to be purchased, and (ii) in the case of the Series 2016B Bonds, the Make-Whole Redemption Price, plus, in each case, accrued interest to the date set for purchase (the “Purchase Date”).

Notice of Purchase in Lieu of Optional Redemption and its Effect

Notice of purchase of the Series 2016 Bonds will be given in the name of the University to the registered owners of the Series 2016 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2016 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2016 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2016 Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2016 Bonds. Such Series 2016 Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The University’s obligation to purchase a Series 2016 Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2016 Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2016 Bonds to be purchased, the former registered owners of such Series 2016 Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2016 Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2016 Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2016 Bonds are to be purchased, the Series 2016 Bonds to be purchased will be selected by lot in the same manner as Series 2016 Bonds to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2016 Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.” Also see “- Book-Entry Only System” below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2016 Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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 and www.dtc.org.

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

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

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

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

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

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

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

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

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

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

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

For every transfer and exchange of Series 2016 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 2016 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2016 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by DASNY or

restricted registration is no longer in effect, Series 2016 Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, THE UNIVERSITY OR 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 2016 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 2016 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 2016 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2016 BONDS; OR (VI) ANY OTHER MATTER.

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Principal and Interest Requirements

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

12 Month Period Ending June 30	Series 2016 Bonds			Debt Service on Prior Bonds ⁽¹⁾	Total Debt Service
	Principal Payments	Interest Payments	Total Debt Service on Series 2016 Bonds		
2017	\$1,805,000	\$10,893,075	\$12,698,075	\$14,490,019	\$27,188,094
2018	2,930,000	17,480,556	20,410,556	14,700,719	35,111,274
2019	2,980,000	17,430,013	20,410,013	14,890,219	35,300,232
2020	3,040,000	17,371,069	20,411,069	14,886,219	35,297,288
2021	8,155,000	17,303,064	25,458,064	10,336,469	35,794,533
2022	6,550,000	16,975,023	23,525,023	10,344,969	33,869,992
2023	6,675,000	16,720,651	23,395,651	10,329,219	33,724,870
2024	7,460,000	16,457,075	23,917,075	10,329,969	34,247,044
2025	9,450,000	16,150,702	25,600,702	10,344,919	35,945,621
2026	9,875,000	15,741,612	25,616,612	10,335,669	35,952,280
2027	11,320,000	15,309,796	26,629,796	9,385,400	36,015,196
2028	11,860,000	14,772,469	26,632,469	9,384,400	36,016,869
2029	12,415,000	14,209,345	26,624,345	9,389,150	36,013,495
2030	12,480,000	13,619,751	26,099,751	9,918,900	36,018,651
2031	13,065,000	13,028,227	26,093,227	9,926,900	36,020,127
2032	13,685,000	12,408,810	26,093,810	9,612,400	35,706,210
2033	14,335,000	11,759,830	26,094,830	9,610,900	35,705,730
2034	17,765,000	11,247,775	29,012,775	7,066,900	36,079,675
2035	18,395,000	10,622,296	29,017,296	7,051,900	36,069,196
2036	19,275,000	9,742,510	29,017,510	7,050,150	36,067,660
2037	20,200,000	8,820,432	29,020,432	7,050,650	36,071,082
2038	21,170,000	7,853,849	29,023,849	7,052,900	36,076,749
2039	22,035,000	6,989,400	29,024,400	7,051,400	36,075,800
2040	22,975,000	6,047,150	29,022,150	7,055,900	36,078,050
2041	23,960,000	5,064,250	29,024,250	7,045,650	36,069,900
2042	26,230,000	4,038,800	30,268,800	5,945,900	36,214,700
2043	27,350,000	2,919,200	30,269,200	5,940,650	36,209,850
2044	8,745,000	1,751,250	10,496,250	9,667,400	20,163,650
2045	9,175,000	1,314,000	10,489,000	9,629,150	20,118,150
2046	9,625,000	855,250	10,480,250	9,619,400	20,099,650
2047	1,755,000	374,000	2,129,000	7,236,250	9,365,250
2048	1,830,000	286,250	2,116,250	7,184,350	9,300,600
2049	1,910,000	194,750	2,104,750	7,142,300	9,247,050
2050	1,985,000	99,250	2,084,250	7,084,050	9,168,300

¹ Excludes debt service on the Refunded Bonds which will be refunded with proceeds of the Series 2016 Bonds.

PART 4 — THE SERIES 2016 PROJECT

A portion of the proceeds of the Series 2016 Bonds will be used to finance all or a portion of the cost of the acquisition of a five-story, approximately 185,844 square foot commercial building located within the current campus area at 39 West 13th Street (a/k/a 40 West 14th Street), New York, New York, for future use for the University’s institutional purposes, which acquisition is expected to close by February 1, 2017 (the “New Money Project”). Additionally, proceeds of the Series 2016 Bonds will be used to refund the Refunded Bonds (together with the New Money Project, the “Series 2016 Project”).

PART 5 — THE REFUNDING PLAN

A portion of the proceeds of the Series 2016 Bonds, together with other available monies, will be used to provide for the payment of the outstanding Series 2010 Bonds with the stated maturities of July 1, 2021 through 2050, inclusive (the “Refunded Bonds”).

Simultaneously with the issuance and delivery of the Series 2016 Bonds, such proceeds will be deposited with the trustee for the Refunded Bonds, and together with other available funds, will be used to purchase investment securities permitted for the defeasance of bonds by the Prior Resolution (the “Defeasance Securities”), the principal of and interest on which, when due, together with uninvested cash, will provide moneys sufficient to pay the redemption price of and interest on the Refunded Bonds to and including July 1, 2020, the redemption date. See PART 17 - VERIFICATION OF MATHEMATICAL COMPUTATIONS. At the time of such deposit, DASNY will give such trustee irrevocable instructions to give notices of the defeasance and redemption of the Refunded Bonds and to apply the maturing principal of and interest on the Defeasance Securities, together with any uninvested cash, to the payment of the redemption price of and interest on the Refunded Bonds to and including the redemption date.

PART 6 — ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

	Series <u>2016A</u>	Series <u>2016B</u>	<u>Total</u>
Sources of Funds			
Principal Amount	\$316,040,000.00	\$86,420,000.00	\$402,460,000.00
Plus: Net Premium.....	34,171,769.95	-	34,171,769.95
Funds on deposit for Refunded Bonds	<u>4,444,775.00</u>	<u>-</u>	<u>4,444,775.00</u>
Total Sources.....	<u>\$354,656,544.95</u>	<u>\$86,420,000.00</u>	<u>\$441,076,544.95</u>
Uses of Funds			
Deposit to Construction Fund	\$ 67,058,026.00	\$86,000,000.00	\$153,058,026.00
Deposit to Refunding Escrows	285,897,636.45	-	285,897,636.45
Costs of Issuance.....	645,700.38	137,881.38	783,581.76
Underwriters’ Discount	<u>1,055,182.12</u>	<u>282,118.62</u>	<u>1,337,300.74</u>
Total Uses	<u>\$354,656,544.95</u>	<u>\$86,420,000.00</u>	<u>\$441,076,544.95</u>

PART 7 — THE UNIVERSITY

GENERAL INFORMATION

History and Academic Background

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

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

In the early 1930s, The New School demonstrated it was willing to take the risk of moving from ethical teaching into ethical action by becoming a refuge for German intellectuals who were endangered by the political beliefs of the National Socialist Party. Against the wishes of the U.S. Department of State, The New School became a part of the Emergency Rescue Committee and established a safe home for German Jewish intellectuals who were saved from the near certainty of death. Through this effort, the University became known as the “University in Exile.” The University is proud of this progressive tradition.

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

Academic Programs

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

The New School comprises five colleges that encompass over 115 undergraduate and graduate degree programs, each with its own history and program offerings (described below), which are: Parsons School of Design; The New School for Social Research; Eugene Lang College of Liberal Arts; College of Performing Arts; and Schools of Public Engagement.

Parsons School of Design (“Parsons”)

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

Degrees Offered: AAS in Fashion Design, Fashion Marketing, Graphic Design, and Interior Design; BBA in Strategic Design & Management; BFA in Architectural Design, Communication Design, Design & Technology, Fashion Design, Fine Arts, Illustration, Integrated Design, Interior Design, Photography, and Product Design; BS in Urban Design, MA in Design Studies, Fashion Studies, History of Design and Curatorial Studies, Theories of Urban Practice; MFA in Design & Technology, Fashion Design and Society, Fine Arts, Industrial Design, Interior Design, Lighting Design, Photography, Textiles, and Transdisciplinary Design; MS in Data Visualization, Design and Urban Ecologies, and Strategic Design and Management.

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

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

Degrees Offered: MA and PhD in Anthropology, Philosophy, Politics, and Sociology; MA, MS and PhD in Economics; MA in Creative Publishing and Critical Journalism, Global Political Economy and Finance, Historical Studies, Liberal Studies, and Psychology; PhD in Clinical Psychology, and Cognitive, Social, and Development Psychology.

Eugene Lang College of Liberal Arts (“Lang”)

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

Degrees Offered: BA in Anthropology, Contemporary Music, Culture and Media, Economics, Education Studies, History, Interdisciplinary Science, Journalism and Design, Liberal Arts, Literary Studies, Philosophy, Politics, Psychology, Screen Studies, Sociology, and Theater.

College of Performing Arts (“CoPA”)

In 2015 The New School created the College of Performing Arts, bringing together Mannes School of Music, the School of Drama, and the School of Jazz. CoPA aims to transcend the boundaries of a typical conservatory education. Through performing arts majors, minors, or elective classes, all students can study with master faculty and practitioners.

Degrees Offered: BFA in Dramatic Arts; BFA in Jazz and Contemporary Music; BM and MM in Composition, Guitar, Harpsichord, Orchestral Conducting, Orchestral Instruments, Piano, Theory, and Voice; MA in Arts Management and Entrepreneurship; and MFA in Acting, Playwriting, and Directing.

Schools of Public Engagement (“Public Engagement”)

The New School’s Schools of Public Engagement was formed by bringing together the Milano School of International Affairs, Management, and Urban Policy, School of Languages, Bachelor’s Program for Adults and Transfer Students, and the Creative Writing Program. Public Engagement emphasizes the core values of democratic citizenship, social action, and cultural engagement that inspired The New School’s founding 97 years ago.

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

Degrees offered: BA and BS in Environmental Studies, Food Studies, Global Studies, and Liberal Arts; BA, BS and MA in Media Studies; BA in Urban Studies; MA and MS in International Affairs; MA in Teaching English to Speakers of Other Languages; MS in Environmental Policy and Sustainable Management, Media Management,

Nonprofit Management, Organizational Change Management, and Urban Policy Analysis and Management; and PhD in Public and Urban Policy.

Accreditation

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

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

Governance

The University is governed by a Board of Trustees (the "Board"), currently consisting of 34 Trustees and the University's President, reflecting a broad range of expertise and a wide reach into the New York City community. The Board conducts its affairs through eight committees: Academic Affairs, Audit and Risk, Compensation, Facilities, Finance, Executive, Investment, and Trusteeship. Ad hoc committees are established to address special issues. The Board participates in the formulation and approval of University policies, and approves all operating and capital budgets. The Board meets four times per year and its Committees meet two to six times per year or as necessary. Trustees serve four-year terms with no limits on the number of terms a Trustee may serve.

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

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6. Investment

7. Trusteeship
8. Academic Affairs

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

Administration

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

President – David Van Zandt became President of The New School on January 1, 2011. Dr. Van Zandt had been a faculty member at Northwestern University since 1985. In 1995, he became the Dean of Northwestern University School of Law. Dr. Van Zandt received his AB from Princeton University, JD from Yale Law School, and PhD in Sociology from the London School of Economics.

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

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

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

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

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

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

Chief Information Officer – Anand Padmanabhan was appointed Chief Information Officer in January 2014. He worked previously as Chief Information Officer for the Shiv Nadar Foundation, where he set IT strategy for a large organization that encompasses a research university, a college of engineering, and other programs. He has an MBA from the New York University Stern School of Business and an MS from Louisiana State University. Mr. Padmanabhan received his bachelor's degree from Madras University in India.

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

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

Employees

The New School employs more than 1,350 full-time personnel in academic, professional, administrative, clerical, and service positions. The table below sets forth the full-time positions at the University over the past five years:

	Full-time Positions				
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Faculty	416	421	429	416	416
Administrative & professional staff	646	622	620	637	686
Clerical and secretarial	132	124	112	111	103
Maintenance, security, & service	164	158	172	168	164
Total	1,358	1,325	1,333	1,332	1,369

Approximately 121 full-time and part-time clerical employees are represented by Local 1205, International Brotherhood of Teamsters, under a contract with the University that expires on June 30, 2020. Approximately 93 full-time and part-time maintenance employees are represented by Local 32BJ, Service Employees International Union, AFL-CIO, under a contract with the Realty Advisory Board on Labor Relations, Inc. that expires on December 31, 2019. Approximately 69 full-time and part-time security guards are represented by Local 32BJ, Service Employees International Union under a contract with the University that expires on June 30, 2018. Approximately 10 full- and part-time staff building engineers are represented by LOCAL 94-94A-94B, International Union of Operating Engineers, AFL-CIO, under a contract with the Realty Advisory Board on Labor Relations, Inc. that expires on December 31, 2018. Approximately 61 part-time faculty members in the Jazz and Contemporary Music Program are represented by Local 802, AFM, Associated Musicians of Greater New York, under a contract with the University that expires on June 30, 2020. ACT-UAW represents approximately 2,324 part-time faculty throughout the University except for part-time faculty in the Jazz and Contemporary Music Program, under a contract with the University that expires on August 31, 2019. In December 2014, graduate student employees filed a petition with the National Labor Relations Board (the “NLRB”) for recognition as a labor union; a determination is pending. In October 2016, Local 1205 filed a petition with the NLRB to represent a new unit of employees at the University. The University expects a limited NLRB process that will result in the scheduling of an election by the end of November 2016. The University maintains strong and cooperative relationships with the unions representing its employees.

Principal Facilities

The New School's five schools are sited on the primary campus, between Fifth and Sixth Avenues and between 11th and 16th Streets, near the northern boundary of Greenwich Village. The residential facilities are located both on and off the primary campus. Over the past few years, the University has consolidated its academic, administrative and residential real estate around the central Greenwich Village campus. The strategy has included the sale of the University's properties in the Upper West Side and Midtown Manhattan, in fiscal years 2014 and 2015, totaling \$90.6 million. The University has also been proactive in reducing its exposure to operating leases to improve the predictability and stability of operations.

As of June 30, 2016, The New School occupies approximately 1,458,846 gross square feet of academic and residential space. Broken down by category, this total represents 1,027,890 square feet in owned facilities and 430,956 square feet in leased facilities. Summarized below are owned and leased non-residential and residential facilities, approximate square footages and the primary use of each building.

See also " – ANNUAL FINANCIAL STATEMENT INFORMATION – Physical Plant" herein.

Owned Facilities					
Academic/Administrative Facilities			Residential/Dormitory		
Location	Square Feet	Use	Location	Square Feet	Use
66 West 12th Street	88,997	Academic/Administrative	116-118 West 13th Street	33,975	Student Housing
65 West 11th Street	35,871	Academic	135 East 12th Street	58,000	Student Housing
22-26 East 14th Street	54,600	Academic	Zeckendorf Towers	2,000	Faculty Housing
63 & 65 Fifth Avenue	379,430	Academic/Student Housing	21 West 11th Street	4,500	Residence
72 Fifth Avenue	50,000	Academic/Student Housing	300 West 20th Street	40,000	Student Housing
55 West 13th Street	92,000	Mixed Use			
2 West 13th Street	118,414	Academic			
70 Fifth Avenue	3,813	Academic			
68 Fifth Avenue	7,033	Academic			
66 Fifth Avenue	59,257	Academic			
Total square feet	<u><u>889,415</u></u>		Total square feet	<u><u>138,475</u></u>	

Leased Facilities					
Academic/Administrative Facilities			Residential/Dormitory		
Location	Square Feet	Use	Location	Square Feet	Use
64 West 11th Street	8,456	Academic	318 East 15th Street	112,500	Student Housing
79 Fifth Avenue/ 6 East 16th Street	212,500	Academic/Administrative			
80 Fifth Avenue	48,000	Academic/Administrative			
55 West 13th St. Annex	18,000	Mixed Use			
151 Bank Street	18,500	Academic			
71 Fifth Avenue	13,000	Administrative			
Total square feet	<u><u>318,456</u></u>		Total square feet	<u><u>112,500</u></u>	

OPERATING INFORMATION

Student Applications, Acceptances and Enrollments

The University has experienced generally stable enrollment for the fiscal years from 2013 through 2017. The New School’s strategic plan calls for the University to continue to maintain student enrollment at approximately 10,000 students, reducing the size of some programs while growing strategically in areas where there is strength, capacity, and demand. Rather than pursuing overall growth, the emphasis will be on rebalancing the enrollment distribution to optimize strengths and improve quality through selectivity, while diversifying the revenue base through global and distributed education and non-tuition based activities. The following table presents fall enrollments for the past five fiscal years.

Fall Enrollments						
Fiscal Year	Head Count			Full-time Equivalent		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
2013	6,799	3,607	10,406	6,218	2,950	9,168
2014	6,864	3,524	10,388	6,265	2,932	9,197
2015	6,963	3,554	10,517	6,356	3,015	9,371
2016	6,995	3,410	10,405	6,385	2,914	9,299
2017	7,277	3,241	10,518	6,665	2,793	9,458

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

Degrees Awarded			
Fiscal Year	Undergraduate	Advanced	Total
2012	1,734	1,306	3,040
2013	1,750	1,282	3,032
2014	1,858	1,250	3,108
2015	1,719	1,352	3,071
2016	1,685	1,399	3,084

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

Freshmen					
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Applied	4,870	5,048	5,715	7,422	9,139
Accepted	3,168	3,363	3,766	4,960	5,512
Enrolled	1,116	1,094	1,286	1,386	1,693
Acceptance Ratio (%)	65.1%	66.6%	65.9%	66.8%	60.3%
Matriculation Ratio (%)	35.2%	32.5%	34.1%	27.9%	30.7%
Freshman SAT Average	1,121	1,120	1,123	1,127	1,158

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

Transfer					
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Applied	2,298	2,271	1,991	1,980	2,132
Accepted	1,769	1,806	1,572	1,514	1,392
Enrolled	965	1,042	840	763	702
Acceptance Ratio (%)	77.0%	79.5%	79.0%	76.5%	65.3%
Matriculation Ratio (%)	54.6%	57.7%	53.4%	50.4%	50.4%

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

Graduate					
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Applied	5,231	5,043	5,114	4,925	5,053
Accepted	3,092	3,073	3,330	3,136	3,271
Enrolled	1,222	1,224	1,317	1,214	1,198
Acceptance Ratio (%)	59.1%	60.9%	65.1%	63.7%	64.7%
Matriculation Ratio (%)	39.5%	39.8%	39.5%	38.7%	36.6%

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

Total University					
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Applied	12,399	12,362	12,820	14,327	16,324
Accepted	8,029	8,242	8,668	9,610	10,175
Enrolled	3,303	3,360	3,443	3,363	3,593
Acceptance Ratio (%)	64.8%	66.7%	67.6%	67.1%	62.3%
Matriculation Ratio (%)	41.1%	40.8%	39.7%	35.0%	35.3%

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

Student Enrollment (Degree, Diploma & Graduate Certificate Programs Only)				
Fiscal Year	New York	Out-of-State	International	Total
2013	2,493	5,108	2,805	10,406
2014	2,367	4,978	3,043	10,388
2015	2,325	4,846	3,346	10,517
2016	2,274	4,674	3,457	10,405
2017	2,230	4,690	3,598	10,518

The University's enrollment has remained generally stable over the past five years, with an average enrollment of 10,447. The proportion of international students has significantly increased from 27% in fiscal year 2013 to 34% in fiscal year 2017.

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

Enrollment of All Credit-Seeking Students by School					
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Social Research	1,018	945	937	882	832
Parsons	4,930	5,058	5,175	5,176	5,274
Public Engagement	2,238	2,010	1,998	1,853	1,706
Lang	1,471	1,559	1,493	1,550	1,684
CoPA	749	729	778	806	868
Parsons Paris	-	87	136	138	154
Total Headcount	10,406	10,388	10,517	10,405	10,518
Full-Time Equivalent	9,168	9,197	9,371	9,299	9,458

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

Freshman Retention After One Year				
Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
82.0%	82.1%	82.9%	81.1%	81.4%

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

The following table presents the enrollment of non-credit seeking students for the past five fiscal years.

Enrollment of Non-Credit Seeking Students by Academic Year					
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Public					
Engagement	1,735	1,648	1,521	1,700	1,380
Social Research	-	2	6	15	14
Parsons	687	746	669	648	723
Lang	24	21	24	29	16
CoPA	506	491	475	437	395
Total	2,952	2,908	2,695	2,829	2,528

Tuition and Fees

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

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

Full Time Students, Fiscal Year 2017							
		Lang	Parsons BFA	Parsons MFA	Mannes/ Jazz/ Drama Undergraduate	Mannes MM	Drama MFA
Tuition & Fees	\$	42,080	43,560	44,680	42,080	41,020	42,240
Required Fees		926	1,106	276	926	276	276
Room & Board		18,420	18,420	18,420	18,420	18,420	18,420
Academic Year Cost	\$	61,426	63,086	63,376	61,426	59,716	60,936

Financial Aid and Scholarships

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

Financial assistance provided by The New School to its students is designed to supplement the contribution that a student/family can make toward the payment of tuition and other expenses. The following table shows the sources of financial aid funds provided to students of the University for the five-year period ended June 30, 2016.

Sources of Financial Aid						
<i>Dollars in Thousands</i>						
Fiscal Year		2012	2013	2014	2015	2016
Operating Funds	\$	80,997	85,647	87,332	93,202	101,841
Donor-funded External Assistance		5,081	4,775	7,021	7,577	5,917
	\$	86,078	90,422	94,353	100,779	107,758

The University's tuition discount rate remained relatively stable over the past five fiscal years. Gross tuition and tuition discount for the past five fiscal years is as follows:

Tuition Discount						
<i>Dollars in Thousands</i>						
Fiscal Year		2012	2013	2014	2015	2016
Tuition & fees	\$	334,564	335,706	350,079	365,828	378,792
Student aid		86,078	90,422	94,353	100,779	107,758
Tuition discount	%	26	27	27	28	28

Academic Faculty

The University employs approximately 2,200 full and part-time faculty to teach credit-bearing courses. About 29% of the full-time faculty is tenured. The table below provides the number of full and part-time faculty for the last five fiscal years.

Faculty Profile			
Fiscal Year	Full-time	Part-time	Total
2011-2012	416	1,596	2,012
2012-2013	421	1,632	2,053
2013-2014	429	1,715	2,144
2014-2015	416	1,719	2,135
2015-2016	416	1,778	2,194

ANNUAL FINANCIAL STATEMENT INFORMATION

Financial Information

As required by accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial condition of the University is presented in the consolidated Balance Sheet, the consolidated Statement of Activities, and the consolidated Statement of Cash Flows. The consolidated Balance Sheet reports on the amounts of the University’s assets, liabilities and net assets at the end of a reporting period. The consolidated Statement of Activities reports the amount of change in the University’s unrestricted net assets, temporarily restricted net assets, permanently restricted net assets, and total net assets for the period. The consolidated Statement of Cash Flows provides relevant information about the University’s cash flows from operating, investing, and financing activities for the period. The selected data below under the captions “Statements of Activities” and “Balance Sheets” are derived from the consolidated financial statements of the University as of and for the years ended June 30, 2012, 2013, 2014, 2015 and 2016.

Independent Auditors

The consolidated financial statements of The New School as of June 30, 2016 and 2015, and for the years then ended, included in this Official Statement in Appendix B, have been audited by KPMG LLP, the University’s independent auditors, as stated in their report therein.

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

	2012	2013	2014	2015	2016
UNRESTRICTED:					
OPERATING REVENUES					
Student tuition and fees	\$ 334,564	335,706	350,079	365,828	378,792
Scholarship allowance	(86,078)	(90,422)	(94,353)	(100,779)	(107,758)
Net tuition and fees	248,486	245,284	255,726	265,049	271,034
Contributions	1,845	3,584	2,289	2,378	3,136
Grants and contracts	5,688	5,822	4,742	6,697	8,642
Endowment return appropriated for operations	4,765	4,765	4,830	7,353	9,389
Auxiliary activities	29,574	31,267	36,905	41,801	42,038
Other income	5,970	5,052	8,967	9,384	10,831
Net assets released from restrictions	16,390	16,954	19,345	21,459	25,013
Total operating revenues	312,718	312,728	332,804	354,121	370,083
OPERATING EXPENSES					
Instruction and departmental research	118,236	118,739	128,752	132,271	135,457
Sponsored research and public services	10,020	9,516	9,930	10,835	15,669
Academic support	62,009	62,366	65,244	70,947	76,914
Student services	24,186	23,990	26,615	24,547	27,497
Auxiliary activities	29,297	30,270	35,750	44,262	42,704
Institutional support	65,135	61,571	64,347	68,222	72,627
Total operating expenses	308,883	306,452	330,638	351,084	370,868
Change in net assets from operating activities before insurance recovery on casualty loss and gain on sale of building	\$ 3,835	6,276	2,166	3,037	(785)
Operating Margin	1.2%	2.0%	0.7%	0.9%	(0.2)%

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

	2012	2013	2014	2015	2016
CHANGES IN UNRESTRICTED NET ASSETS					
OPERATING ACTIVITIES					
Total operating revenues	\$ 312,718	312,728	332,804	354,121	370,083
Total operating expenses	308,883	306,452	330,638	351,084	370,868
Change in net assets from operating activities before insurance recovery on casualty loss and gain on sale of building	3,835	6,276	2,166	3,037	(785)
Insurance recovery on casualty loss	-	-	-	5,630	1,463
Gain on sale of building	-	-	58,976	25,456	-
Change in net assets from operating activities	3,835	6,276	61,142	34,123	678
NON-OPERATING ACTIVITIES					
Charge for debt defeasement	(2,094)	-	-	(12,491)	-
Endowment return	(2,602)	5,959	15,292	5,466	(7,132)
Endowment return appropriated for operations	(4,765)	(4,765)	(4,830)	(7,353)	(9,389)
Other, net	16	(788)	(814)	129	(982)
Net assets released for capital expenditures	750	250	43,956	137	368
Total non-operating activities	(8,695)	656	53,604	(14,112)	(17,135)
Change in unrestricted net assets	(4,860)	6,932	114,746	20,011	(16,457)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions	15,511	13,153	12,294	18,250	22,046
Grants for capital	-	-	325	-	355
Endowment return	(1,951)	6,279	17,134	3,216	(3,743)
Other, net	686	46	259	(163)	57
Net assets released from restriction	(17,140)	(17,204)	(63,301)	(21,596)	(25,381)
Change in temporarily restricted net assets	(2,894)	2,274	(33,289)	(293)	(6,666)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions for endowment	4,105	1,858	923	442	7,701
Other, net	33	112	22	143	322
Change in permanently restricted net assets	4,138	1,970	945	585	8,023
Change in net assets	\$ (3,616)	11,176	82,402	20,303	(15,100)

The New School
Consolidated Balance Sheets
as of June 30,
(Dollars in Thousands)

	2012	2013	2014	2015	2016
ASSETS					
Cash and cash equivalents	\$ 9,264	11,660	3,089	5,466	1,974
Student accounts receivable, net	7,162	7,822	8,767	11,416	11,867
Contributions receivable, net	38,561	20,424	17,432	18,656	28,923
Investments	322,142	339,816	383,950	387,711	328,314
Deferred charges and other assets*	8,243	10,387	25,516	12,528	41,542
Funds held by bond trustees	181,129	43,191	16,246	11,608	16,923
Student loans receivable, net	4,120	3,912	3,315	2,935	2,736
Land, buildings and equipment, net	379,335	509,819	554,597	593,337	614,232
Total assets	949,956	947,031	1,012,912	1,043,657	1,046,511
LIABILITIES AND NET ASSETS					
Accounts payable and accrued liabilities	79,827	69,363	56,463	62,693	58,901
Deferred revenue	11,460	11,037	11,170	10,561	11,693
Federal Perkins student loan advances	3,770	3,768	3,765	3,763	2,048
Short-term debt	-	-	-	-	25,000
Long-term debt*	426,810	423,598	419,847	424,670	421,999
Total liabilities	521,867	507,766	491,245	501,687	519,641
Net Assets					
Unrestricted	233,051	239,983	354,729	374,740	358,283
Temporarily restricted	116,696	118,970	85,681	85,388	78,722
Permanently restricted	78,342	80,312	81,257	81,842	89,865
Total net assets	428,089	439,265	521,667	541,970	526,870
Total liabilities and net assets	\$ 949,956	947,031	1,012,912	1,043,657	1,046,511

* The reclassification of bond issuance costs from a deferred charge to a deduction to total long-term indebtedness is in accordance with the early adoption of Financial Accounting Standards Board's Accounting Standards Update No. 2015-03 – Interest – Imputation of Interest: *Simplifying the Presentation of Debt Issuance Costs*.

Management Discussion of Recent Financial Performance

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

The University has been successful in meeting these objectives and has committed resources to the preservation and enhancement of its physical plant. The endowment investment’s fair value has grown to \$324.2 million as of June 30, 2016 from \$218.3 million as of June 30, 2012. Operating revenues grew, on average, 4.3% per year while operating expenses grew, on average, 4.7% from 2012 through 2016. Total net assets have grown to \$526.9 million as of June 30, 2016. This growth is primarily due to operational performance, investment return, and the building sales. See “– Physical Plant” herein.

The University budgeted for a negative change in net assets from operating activities due to expenditures related to the University’s rebranding initiative and marketing efforts, which are intended to maximize recognition of the University’s strengths across a range of disciplines. The University completed fiscal year 2016 with a decline in net assets from operating activities before insurance recovery on casualty loss and gain on sale of building of \$785,000, and a decrease in total net assets of \$15.1 million, related to both the costs associated with the rebranding efforts and

the impact of unfavorable market performance on endowment returns. Key financial highlights for fiscal year 2016 follow.

Changes in Net Assets			
Fiscal Year 2016			
<i>Dollars in Thousands</i>			
	Operating	Non- operating	Total
Change in unrestricted net assets	\$ 678	(17,135)	(16,457)
Change in temporarily restricted net assets	-	(6,666)	(6,666)
Change in permanently restricted net assets	-	8,023	8,023
Total change in net assets	\$ 678	(15,778)	(15,100)

During fiscal year 2016, unrestricted net assets from operating activities, before insurance recovery on casualty loss of \$1.5 million, decreased by approximately \$785,000, a (0.2)% operating margin. Unrestricted operating revenues for 2016, as compared to 2015, increased 4.5% to \$370.1 million, reflecting stable enrollment. Net tuition and fees revenue for 2016, as compared to 2015, grew by 2.3%, while the tuition discount rate increased slightly from 27.6% to 28.5%. Operating expenses for 2016, as compared to 2015, increased 5.6% to \$370.9 million.

Unrestricted contributions were \$3.1 million in fiscal year 2016, compared to \$2.4 million in fiscal year 2015. Unrestricted non-operating activities reduced net assets by \$17.1 million in fiscal year 2016 primarily due to a \$7.1 million endowment loss and \$9.4 million endowment return appropriated for operations.

Temporarily restricted net assets decreased by \$6.7 million in fiscal year 2016. Total assets as of June 30, 2016, as compared to June 30, 2015, grew by \$2.9 million, or 0.3%, to \$1.05 billion; net assets decreased by \$15.1 million or 2.8%. Liabilities as of June 30, 2016, as compared to June 30, 2015, increased by \$18 million, driven principally by \$25 million of short-term debt.

Cash and cash equivalents as of June 30, 2016, as compared to June 30, 2015, decreased by \$3.5 million, or 63.9%, to \$2 million. The University's endowment investment fair value was \$324.2 million as of June 30, 2016; 45.6% of the endowment portfolio had daily liquidity. Operating investments totaled \$4.1 million, of which 35% had daily liquidity.

Long-term debt as of June 30, 2016, as compared to June 30, 2015, decreased 0.6% to \$422 million.

Fiscal Year 2017 Operating Budget

The University's budget for fiscal year 2017 achieves balanced operating performance based on \$378 million of operating revenues and \$378 million of operating expenses, which reflect a 1.6% increase and a 0.7% decrease over the fiscal year 2016 budget, respectively. The budget incorporates a tuition rate increase of 3.5% for undergraduate and graduate programs and a tuition discount of 29.9% or \$111.8 million. It also incorporates a dormitory rate increase of 4%.

Fiscal Year 2017 Capital Budget

The University's \$26.6 million capital budget for fiscal year 2017 was developed within the context of a multi-year plan. The fiscal year 2017 capital budget includes expenditures for several major initiatives, which will enable the University to achieve the goals of its facilities master plan and thereby ensure high quality academic facilities for its students. This includes the construction of a hub and studios for two schools within Parsons School for Design: Arts, Media and Technology and Constructed Environments. It also includes the completion of a performing arts hub at the University's downtown campus, which brings together, under one roof, the University's three performing arts schools – Mannes, Jazz and Drama – to form the College of Performing Arts. It also includes the completion of a state-of-the-art Making Center for Parsons. As in prior years, the capital budget includes expenditures for all necessary critical maintenance projects to ensure the integrity of the physical plant and address health and life safety issues, for enhancing facilities, for major repair and renovation, and for technology.

Capital expenditures for the last four fiscal years and the fiscal year 2017 budget are provided below:

Capital Expenditures*				
<i>Dollars in Thousands</i>				
2013	2014	2015	2016	2017 Budget
\$143,656	\$84,449	\$62,857	\$44,068	\$26,569

* Includes \$125.4 million, \$67 million, \$29.4 million, and \$1.8 million in University Center capital expenses for fiscal year 2013, fiscal year 2014, fiscal year 2015 and fiscal year 2016, respectively.

Endowment Portfolio

Investments are composed of endowment, operating, and other assets. The University's investment program 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 endowment is invested with a long-term objective. Total fair value of the endowment investments at June 30, 2016 was \$324.2 million. Investments were comprised as follows:

University Investments	
June 30	
<i>Dollars in Millions</i>	
	FY 2016
Endowment	\$ 324,212
Operating	2,303
Split interest agreements	1,799
Total investments	\$ 328,314

In fiscal year 2016, the endowment paid out approximately \$15.1 million in support of operations.

The University's endowment values for the past five years ended June 30, are as follows.

Endowment Values*				
June 30,				
<i>Dollars in Millions</i>				
2012	2013	2014	2015	2016
\$218.3	\$214.0	\$300.1	\$348.9	\$324.2

* Increases in fiscal years 2014 and 2015 also reflect gains related to real estate divestitures and additions of operating cash.

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

Endowment Annual Returns				
As of June 30,				
2012	2013	2014	2015	2016
(1.9%)	5.9%	14.7%	2.5%	(3.0%)

The following table sets forth the composition of the endowment portfolio asset allocation as of June 30, 2016:

Endowment Portfolio Asset Allocation by Percentage	
As of June 30, 2016	
Equity	35.2%
Fixed income	15.4%
Cash and cash equivalents	2.6%
Hedge Funds	31.6%
Private Equity	4.4%
Real Assets	10.8%
	100.0%

The University's outstanding commitment to alternative investment funds, including hedge funds, real estate, and private equity, as of June 30, 2016 was \$18.8 million.

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

As of June 30, 2016, approximately 36.4% of the endowment value is "true," permanently restricted endowment with the remaining 63.6% representing quasi-endowment.

Fundraising

Fundraising at The New School is coordinated by the Chief Development Officer who has an office of 37 employees. In the last five years, the University has raised more than \$130.2 million in support. The chart below outlines fundraising totals compared to University goals during the past five fiscal years. The fundraising totals below include conditional pledges and bequest intentions that have not been reported in the University's consolidated financial statements.

University Fundraising*						
<i>Dollars in Thousands</i>						
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Funds raised	\$	21,075	17,393	26,119	28,099	37,504
University goal		21,300	22,300	20,000	22,000	24,200
Percent of Goal		99%	78%	131%	128%	155%

*Unaudited

Physical Plant

The University completed construction of the University Center project in fiscal year 2014, with the student residences opening in fall 2013 and the academic, public, and performance spaces in January 2014. Located at the intersection of 14th Street and Fifth Avenue in Manhattan, the 16-story, 365,000 square foot facility contains classrooms, design studios, a library research center, an auditorium, a cafeteria, student lounges and event café, retail space, and an approximately 600-bed student residence with suite-style living. The University Center brings together students from all of the University's various colleges and is designed to foster casual social interaction and collaborative learning. The University Center is a LEED Gold-certified facility.

On January 15, 2014, the University incurred extensive water damage to three of its properties as a result of a water main break. The net book value of the assets damaged plus mitigating damages was \$20.5 million. Repairs were substantially completed in March 2015, and the University insurance proceeds covered the cost.

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

On January 23, 2015, the University sold its property located at West 85th Street for \$28.3 million. The net carrying value of the property was \$2.2 million on the date of the sale and costs of the sale were \$602,000. The University recognized an operating gain of \$25.5 million in fiscal year 2015.

On March 27, 2016, the University entered into an agreement to purchase a building located within the current campus area for the purchase price of \$153 million. The New Money Project closing is expected by February 1, 2017.

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

Land, Buildings and Equipment					
<i>Dollars in Thousands</i>					
	2012	2013	2014	2015	2016
Land and air rights	\$ 52,913	52,913	52,073	50,413	50,413
Buildings and building improvements	193,848	199,047	529,851	561,245	588,612
Leasehold improvements	57,633	61,658	60,810	75,799	78,217
Furniture and equipment	14,237	13,736	30,053	36,245	37,115
Construction in progress	172,262	304,540	11,303	15,836	24,921
	490,893	631,894	684,090	739,538	779,278
Less accumulated depreciation	(111,558)	(122,075)	(129,493)	(146,201)	(165,046)
	<u>\$ 379,335</u>	<u>509,819</u>	<u>554,597</u>	<u>593,337</u>	<u>614,232</u>

Outstanding Indebtedness

As of June 30, 2016, the University had long-term indebtedness relating to tax-exempt revenue bonds issued by DASNY of \$422 million, net of bond issuance costs, discounts and premiums. Long-term debt consisted of the following at June 30, 2016:

Long-term Indebtedness					
<i>Dollars in Thousands</i>					
Description	Final Maturity Date	Interest Rate		2015 Principal Balance	2016 Principal Balance
Series 2015	July 1, 2050	3.00%-5.00%	\$	124,290	124,290
Series 2011	July 1, 2031	4.00-5.00		32,385	31,125
Series 2010	July 1, 2050	5.00-6.00		263,675	262,605
				<u>420,350</u>	<u>418,020</u>
Less unamortized bond issuance costs				(8,844)	(8,772)
Less unamortized discount				(5,909)	(5,740)
Add unamortized premium				<u>19,073</u>	<u>18,491</u>
			\$	<u><u>424,670</u></u>	<u><u>421,999</u></u>

The loan agreements entered into with DASNY in connection with such long-term debt require the University to maintain an asset maintenance ratio in which the percentage of unrestricted net assets, excluding net investment in plant, plus temporarily restricted net assets (spendable net assets) to total long term debt outstanding must be at least 40%. The University was in compliance with the asset maintenance ratio test for all five fiscal years (2012-2016). All but \$15,575,000 principal amount of the outstanding Series 2010 Bonds will be refunded with the proceeds of

the Series 2016A Bonds. Each series of bonds listed above is secured by mortgages on certain of the University's property. Each series of bonds listed above is secured by pledges of the Pledged Revenues. The security interest in the Pledged Revenues given to secure the Loan Agreement executed in connection with the Series 2016 Bonds will be of equal priority with such existing pledges.

Short Term Debt

On June 10, 2016, the University entered into a margin agreement with its investment custodian to loan up to 50% of custodial liquid investments with interest payable at a rate equal to LIBOR plus 0.35%. The loan is secured by mutual, bond, and exchange-traded funds. No borrowings were made in fiscal year 2016. Borrowings were made subsequent to June 30, 2016; however, all amounts owed have been repaid.

The University established a \$25 million unsecured line of credit with Bank of America, N.A. in May 2011, renewable annually. Amounts borrowed under the credit line are payable within one year with interest payable at a rate equal to LIBOR plus 0.7%. The LIBOR rate is one, two, three or six months as selected by the University. The loan will automatically convert to a prime rate if the University does not select a LIBOR duration at least three business days prior to the date of borrowing. At June 30, 2016, the University had borrowed \$25 million at an average rate of 1.35%. To date, the University has repaid this borrowing and no amount is outstanding.

Pension Plan

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

Insurance

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

LITIGATION

The University in the normal course of its operations is a defendant in various legal proceedings. While it is not feasible to predict the ultimate outcomes of such matters, it is the opinion of management and the chief legal officer of the University that resolution of these actions will not have a material adverse effect on the University's financial position, including its ability to pay debt service on the Series 2016 Bonds.

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PART 8 — BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2016 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 2016 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 2016 Bonds are payable from payments to be made by the University under the Loan Agreement. The ability of the University to comply with its obligations under the Loan Agreement depends primarily upon the ability of the University 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 University 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 University will covenant under the Loan Agreement to make all such payments when due. There are certain risks, however, which might prevent the University 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 2016 Bonds should bear in mind that the occurrence of any number of events could adversely affect the ability of the University to generate such revenues. Future economic, demographic and other conditions, including the demand for educational services, the ability of the University 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 University to provide for payments. The future financial condition of the University 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. 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 University.

Investment Income

Although the unrestricted portion of the University's endowment funds and the payout therefrom are available for debt service payments on the Series 2016 Bonds, no assurance can be given that 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 University 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 University could be adversely affected by these actions and the ability of

the University to maintain its creditworthiness will be based on its ability to successfully manage the outcome of any such actions.

Risks as Employer

The University combines 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 University 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.

Change in Law

Changes in law may impose new or added financial or other burdens on the operations of the University. 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 University by requiring it to pay income or real property taxes (or other ad valorem taxes).

Tax Related Risks

Tax-Exempt Status Change

Loss of tax-exempt status by the University could result in loss of the exclusion from federal gross income of interest on the Series 2016 Bonds and defaults in covenants regarding the Series 2016 Bonds and other related tax-exempt debt would likely be triggered. However, loss of tax-exempt status by the University would not cause a mandatory redemption or acceleration on the Series 2016 Bonds nor would it cause a change in the interest rates on the Series 2016 Bonds. The maintenance by the University of its Section 501(c)(3) tax-exempt status depends, in part, upon compliance with general rules in the Code and related United States Treasury regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals. The IRS has indicated that it is giving greater scrutiny to certain tax-exempt organizations, including colleges and universities.

Risk of Audit

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the IRS will not commence an audit of the Series 2016 Bonds. Bondholders of the Series 2016 Bonds are advised that, if an audit of the Series 2016 Bonds were commenced, in accordance with its current published procedures, the IRS is likely to treat DASNY as the taxpayer, and the Bondholders of the Series 2016 Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2016 Bonds during the pendency of the audit, regardless of the ultimate outcome.

Additional Indebtedness

Additional Bonds may be issued under the Resolution to finance one or more projects and for other specified purposes, and although separately secured, each applicable loan agreement may be secured by a lien of Pledged Revenues on a parity with the Series 2016 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 2016 Bonds. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS” and

“APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.” The University may also incur other indebtedness that constitutes Parity Indebtedness, which would be secured equally and ratably with the Series 2016 Bonds by the lien of Pledged Revenues.

In addition, the University may incur indebtedness secured by a mortgage or lien on real or personal property of the University without granting to DASNY any such mortgage or lien to secure the University’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, other than the Pledged Revenues, 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 University’s obligations under the Loan Agreement.

No Mortgage Securing the University’s Obligations under the Loan Agreement

As further security for its obligations under the loan agreements entered into in connection with the Prior Bonds, the University granted to DASNY mortgages on certain real property of the University and security interests in certain fixtures, furnishings and equipment used in connection with such real property. There is no such mortgage securing the University’s obligations under the Loan Agreement.

Certain Matters Relating to Enforceability of the Resolution and Loan Agreement

The obligation of the University 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 University commenced a proceeding under the federal Bankruptcy Code, the bankruptcy court could authorize the University to obtain credit secured by a senior, priming lien on property of the bankruptcy estate already encumbered by existing liens, but only if the bankruptcy court determines that there is adequate protection of the interests of the holders of those existing liens on the property of the estate on which the senior or equal lien is proposed to be granted. Similarly, the bankruptcy court could approve a plan modifying, eliminating or altering the rights of creditors generally, or any class of them, secured or unsecured. Although the University may be able to confirm a plan that modifies the terms of the Series 2016 Bonds, if the owners of the Series 2016 Bonds, as a class, vote to reject a plan and object to confirmation of a plan, the plan cannot be confirmed unless the plan (1) allows the owners of the Series 2016 Bonds to retain their lien on the assets that secure their claim and makes payments to the owners of the Series 2016 Bonds equal to the total value of such assets that secure their claim, as of the effective date of the plan; or (2) proposes to sell the assets that secure the owners of the Series 2016 Bonds, subject to the bondholders’ rights, if any, to bid on their claim at the sale, and provided that the bondholders’ lien will attach to the proceeds of the sale; or (3) provides for the owners of the Series 2016 Bonds to receive what the bankruptcy court determines to be the indubitable equivalent of their claim. Regardless of any decision made by a court, the fact that a bankruptcy case has been commenced by the University could have an adverse effect on the liquidity and value of the Series 2016 Bonds.

If the University 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 bankruptcy court has determined that the Plan is in the best interests of creditors, is feasible and has been accepted by one 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.

Enforceability of Security Interest in Pledged Revenues

The Series 2016 Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Resolution and the Series 2016 Resolutions. As security for its obligations under the Loan Agreement, the University has granted to DASNY a security interest in the Pledged Revenues, subject to any existing and future liens securing Parity Indebtedness. DASNY has pledged and assigned to the Trustee for the benefit of the Holders of Series 2016 Bonds its interest in the Pledged Revenues. The security interest in Pledged Revenues will be of equal priority with the security interests in Pledged Revenues securing the Prior Bonds. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS – Security for the Series 2016 Bonds” and “ – Security for Prior Bonds and Issuance of Additional Indebtedness.”

In the event of bankruptcy of the University, transfers of property by the University, including the payment of debt or the transfer of any collateral, including receivables and Pledged Revenues, on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court may be subject to avoidance or recovery as preferential transfers. Under certain circumstances a court may have the power to direct the use of Pledged Revenues to meet expenses of the University before paying the Series 2016 Bonds then Outstanding, including if then Outstanding, the Series 2016 Bonds and, in turn, the debt service on the Series 2016 Bonds.

Pursuant to the Uniform Commercial Code, the perfection of a security interest in Pledged Revenues may cease if such proceeds are not paid over to the Trustee (or an agent for the Trustee) by the University under certain circumstances. In addition, the security interest in Pledged Revenues may not extend to revenues coming into existence after commencement of a bankruptcy.

The University will perfect its grant of a security interest in its Pledged Revenues to the extent, and only to the extent, that such security interest may be perfected under the Uniform Commercial Code of the State of New York by the filing of a financing statement naming the University as debtor and DASNY as secured party. At the time of issuance of the Series 2016 Bonds, the University will not be entering into any control agreement, deposit account control agreement or any similar agreement under the Uniform Commercial Code with respect to collections or proceeds of the Pledged Revenues. The University has agreed that, upon the occurrence of an event of default for nonpayment of Series 2016 Bonds under the Loan Agreement, the University will transfer within five business days collections of its Pledged Revenues it receives to the Trustee for deposit in an account to be held under the Loan Agreement. Unless such event were to occur, the Pledged Revenues will not be held in segregated funds but will be commingled with other monies of the University. A security interest in the proceeds of the University’s Pledged Revenues will not be perfected until such a transfer occurs and the University executes an agreement giving the Trustee control over such proceeds. It may not be possible to perfect a security interest in any manner whatsoever in certain types of Pledged Revenues (e.g., gifts, donations and certain insurance proceeds). The grant of a security interest in Pledged Revenues may be subordinated to the interest and claims of others in several circumstances (for instance, statutory liens, liens in favor of the United States or an agency thereof, where assignment violates existing or future prohibitions on assignment under statute, liens imposed through the exercise by courts of equitable powers, and rights arising under federal bankruptcy or state insolvency laws).

The value of the security interest in the Pledged Revenues could be diluted by future liens securing Parity Indebtedness, which are secured equally and ratably with the Series 2016 Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS - Security for Prior Bonds and Issuance of Additional Indebtedness.” In the event of the liquidation or bankruptcy of the University, there can be no assurance that the proceeds of the Pledged Revenues will be adequate. In the event that a bankruptcy case is commenced by the University, if the value of the Pledged Revenues is less than the amount due to the bondholders and holders of other Parity Indebtedness, interest may cease to accrue on the Series 2016 Bonds from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the proceeds from any sale or liquidation of the Pledged Revenues may not be sufficient to pay the obligations due under the Series 2016 Bonds and any other obligations secured by a lien on the Pledged Revenues. Any such judicial

discretion or interpretations may cause a delay in enforcement proceedings or may limit or modify the rights and remedies available to the bondholders and/or the University. As a result, the bondholders may not be able to realize sufficient value from the Pledged Revenues to be repaid all of the outstanding indebtedness under the Series 2016 Bonds.

Secondary Market for the Series 2016 Bonds

There can be no assurance that there will be a secondary market for purchase or sale of the Series 2016 Bonds. From time to time there may be no market for the Series 2016 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 University's capabilities and the financial condition and results of operations of the University.

No Debt Service Reserve Fund for the Series 2016 Bonds

The Series 2016 Bonds are secured as provided in "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2016 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 2016 Bonds. In the event that a debt service reserve fund is 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 2016 Bonds.

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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 September 30, 2016, DASNY had approximately \$49 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 507 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 46 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 expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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 of counsel to the Albany, New York law firm of Young/Sommer, LLC, where his practice included representation of upstate New York municipalities, telecommunications service providers in the siting of public utility/personal wireless service facilities and other private sector clients. He holds a Bachelor of Science degree from Siena College and a Juris Doctor degree from Albany Law School of Union University.

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.

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 2016 BONDS FOR INVESTMENT AND DEPOSIT

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

PART 11 — NEGOTIABLE INSTRUMENTS

The Series 2016 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 2016 Bonds.

PART 12 — TAX MATTERS

The Series 2016A Bonds

In the opinion of Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel, under existing law: (i) interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Series 2016A Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Co-Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2016A Bonds or Series 2016B Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of DASNY and the University contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2016A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Co-Bond Counsel has relied on, among other things, the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the University, regarding, among other matters, the current status of the University as an organization described in Section 501(c)(3) of the Code and the use of the facilities financed with the Series 2016A Bonds in activities that are not considered “unrelated trade or business” activities of the University, as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2016A Bonds in a manner that is substantially related to the University’s exempt purpose under Section 513(a) of the Code, may cause interest on the Series 2016A Bonds to be included in gross income retroactively to the date of the issuance of the Series 2016A Bonds. Co-Bond Counsel will not independently verify the accuracy of DASNY’s and the University’s certifications and representations or the continuing compliance with DASNY’s and the University’s covenants and will not independently verify the accuracy of the opinion of the University’s counsel.

The opinion of Co-Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Co-Bond Counsel's legal judgment as to exclusion of interest on the Series 2016A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Co-Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by DASNY or the University may cause loss of such status and result in the interest on the Series 2016A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2016A Bonds. The University and, subject to certain limitations, DASNY have each covenanted to take the actions required of it for the interest on the Series 2016A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2016A Bonds, Co-Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2016A Bonds or the market value of the Series 2016A Bonds.

A portion of the interest on the Series 2016A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2016A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2016A Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2016A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2016A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Co-Bond Counsel's engagement with respect to the Series 2016A Bonds ends with the issuance of the Series 2016A Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend DASNY, the University or the owners of the Series 2016A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2016A Bonds, under current IRS procedures, the IRS will treat DASNY as the taxpayer and the beneficial owners of the Series 2016A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2016A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2016A Bonds.

Prospective purchasers of the Series 2016A Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2016A Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2016A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2016A Bonds will not have an adverse effect on the tax status of interest on the Series 2016A Bonds or the market value or marketability of the Series 2016A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2016A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Series 2016A Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2016A Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2016A Bonds may be adversely affected and the ability of holders to sell their Series 2016A Bonds in the secondary market may be reduced. The Series 2016A Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2016A Bonds are not subject to adjustment in the event of any such change in the tax treatment of interest on the Series 2016A Bonds.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2016A Bonds (“Discount Tax-Exempt Bonds”) as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Tax-Exempt Bond. The issue price of a Discount Tax-Exempt Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Tax-Exempt Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Tax-Exempt Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Tax-Exempt Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2016A Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Tax-Exempt Bond. The amount of OID that accrues each year to a corporate owner of a Discount Tax-Exempt Bond is taken into account in computing the corporation’s liability for federal alternative minimum tax. A purchaser of a Discount Tax-Exempt Bond in the initial public offering at the price for that Discount Tax-Exempt Bond stated on the cover of this Official Statement who holds that Discount Tax-Exempt Bond to maturity will realize no gain or loss upon the retirement of that Discount Tax-Exempt Bond.

Certain of the Series 2016A Bonds (“Premium Tax-Exempt Bonds”) as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Tax-Exempt Bond, based on the yield to maturity of that Premium Tax-Exempt Bond (or, in the case of a Premium Tax-Exempt Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Tax-Exempt Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Tax-Exempt Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Tax-Exempt Bond, the owner’s tax basis in the Premium Tax-Exempt Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from

the sale or other disposition of a Premium Tax-Exempt Bond for an amount equal to or less than the amount paid by the owner for that Premium Tax-Exempt Bond. A purchaser of a Premium Tax-Exempt Bond in the initial public offering at the price for that Premium Tax-Exempt Bond stated on the cover of this Official Statement who holds that Premium Tax-Exempt Bond to maturity (or, in the case of a callable Premium Tax-Exempt Bond, to its earlier call date that results in the lowest yield on that Premium Tax-Exempt Bond) will realize no gain or loss upon the retirement of that Premium Tax-Exempt Bond.

Owners of Discount Tax-Exempt Bonds and Premium Tax-Exempt Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Tax-Exempt Bonds or Premium Tax-Exempt Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

The Series 2016B Bonds

In the opinion of Squire Patton Boggs (US) LLP, and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel, under existing law, interest on the Series 2016B Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Co-Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2016B Bonds. INTEREST ON THE SERIES 2016B BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2016B BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2016B BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2016B BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2016B BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2016B BONDS.

The following discussion is generally limited to “U.S. owners,” meaning beneficial owners of Series 2016B Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Series 2016B Bonds, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the Series 2016B Bonds (including their status as U.S. owners).***

Prospective purchasers of the Series 2016B Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2016B Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Payment of Interest

In general, interest paid or accrued on the Series 2016B Bonds, including qualified stated interest on Discount Taxable Bonds (as defined below), if any, will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Series 2016B Bonds in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner.

Sale, Exchange, Retirement or Other Taxable Disposition of Series 2016B Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Series 2016B Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or

other disposition and the owner's adjusted basis in the Series 2016B Bond or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the Series 2016B Bond to the owner, reduced by any principal payments on the Series 2016B Bond previously received by the owner (including any other payments on the Series 2016B Bond that are not qualified stated interest payments). Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Series 2016B Bond (excluding amounts attributable to accrued interest) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the Series 2016B Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on Series 2016B Bonds and the proceeds of the sale of Series 2016B Bonds to non-corporate holders of the Series 2016B Bonds, and "backup withholding," currently at a rate of 28%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Series 2016B Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Medicare Tax Affecting U.S. Owners

A U.S. owner that is an individual or estate, or a trust not included in a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner's "net investment income" for the taxable year and (2) the excess of the U.S. owner's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. owner's net investment income generally includes interest income on, and net gains from the disposition of, Series 2016B Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its tax adviser regarding the applicability of the Medicare tax.

Non-U.S. Owners

Under the Code, interest on any Series 2016B Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2016B Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest on the Series 2016B Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the Series 2016B Bonds.***

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% withholding tax on interest payments and proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA status and (ii) investment funds and non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders and/or United States accountholders are not satisfied.

Under applicable Treasury regulations, the FATCA withholding tax of 30% will generally be imposed, subject to certain exceptions, on payments of (i) interest on Series 2016B Bonds and (ii) gross proceeds from the sale or other disposition of Series 2016B Bonds on or after January 1, 2019, where such payments are made to persons described in the immediately preceding paragraph.

In the case of payments made to a “foreign financial institution” (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “FATCA Agreement”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “IGA”), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any “substantial” U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its “substantial” U.S. owners.

If Series 2016B Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in “**Non-U.S. Owners**” or “**Information Reporting and Backup Withholding**” also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Series 2016B Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Series 2016B Bonds) to comply with FATCA, none of DASNY, any paying agent nor any other person would, pursuant to the terms of the Series 2016B Bonds, be required to pay additional amounts with respect to any Series 2016B Bond as a result of the deduction or withholding of such tax. *Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of Series 2016B Bonds.*

PART 13 — STATE NOT LIABLE ON THE SERIES 2016 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 2016 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 2016 Bonds by DASNY are subject to the approval of Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2016 Bonds. The proposed forms of Co-Bond Counsel’s opinions are set forth in Appendix E hereto.

Certain legal matters will be passed upon for the University by its Special Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York, and certain other legal matters will be passed upon for the University by its chief legal officer. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2016 Bonds or questioning or affecting the validity of the Series 2016 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 2016 Bonds from DASNY and to make a public offering of Series 2016 Bonds at prices that are not in excess of the public offering prices (or at yields not less than the yields) set forth on the inside cover page of this Official Statement. The purchase price for the Series 2016A Bonds shall be \$349,156,587.83 (which reflects a par amount of \$316,040,000, a net premium of \$34,171,769.95 and an underwriters' discount of \$1,055,182.12). The purchase price for the Series 2016B Bonds shall be \$86,137,881.38 (which reflects a par amount of \$86,420,000 and an underwriters' discount of \$282,118.62). The Underwriters will be obligated to purchase all such Series 2016 Bonds if any are purchased.

The Series 2016 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.

The following two paragraphs were provided by Wells Fargo Bank, National Association, one of the underwriters of the Series 2016 Bonds:

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA") has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2016 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2016 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

PART 17 — VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP ("Grant Thornton"), a firm of independent public accountants, will deliver to DASNY, on or before the date of issuance of the Series 2016 Bonds, its verification report prepared in accordance with standards established by the American Institute of Certified Public Accountants, indicating that it has verified certain information provided by DASNY and the Underwriters with respect to the Refunded Bonds and the Series 2016A Bonds. Included in the scope of Grant Thornton's procedures will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Defeasance Securities deposited with the trustee under the Prior Resolution, to pay, when due, the redemption price of and interest on the Refunded Bonds to and including the redemption date; and (b) the mathematical computations supporting the conclusion of Co-Bond Counsel that the Series 2016A Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Grant Thornton will be solely based upon data, information and documents that DASNY and the Underwriters caused to be provided to Grant Thornton and Grant Thornton will express no opinion as to the reasonableness of the assumptions provided to them, the likelihood that the principal of and interest on the Refunded Bonds will be paid as described in the schedules provided to them, or the exclusion of the interest on the Series 2016A Bonds from gross income for federal income tax purposes.

PART 18 — CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the University will enter into a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Holders of the Series 2016 Bonds with Digital Assurance Certification LLC (“DAC”), as disclosure dissemination agent, the Trustee, and DASNY. The proposed form of the Continuing Disclosure Agreement is attached as Appendix F hereto.

PART 19 — RATINGS

Moody’s Investors Service (“Moody’s”) has assigned a rating of “A3” to the Series 2016 Bonds. S&P Global Ratings, a division of S&P Global, Inc. (“S&P”) has assigned a rating of “A-” to the Series 2016 Bonds. Such ratings reflect only the views of such rating agencies and any desired explanation of the significance of such rating should be obtained from the rating agencies at the following addresses: Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and S&P, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by either rating agency (or both) if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Series 2016 Bonds.

PART 20 — MISCELLANEOUS

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

The agreements of DASNY with Holders of the Series 2016 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2016 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2016 Bonds.

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

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

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

“Appendix A – Certain Definitions,” “Appendix C – Summary of Certain Provisions of the Loan Agreement,” “Appendix D – Summary of Certain Provisions of the Resolution” and “Appendix E – Forms of Approving Opinions of Co-Bond Counsel” have been prepared by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Bond Counsel.

“Appendix B – Consolidated Financial Statements of The New School as of June 30, 2016 and 2015 and for the Years then Ended with Independent Auditors’ Report Thereon” contains the consolidated financial statements of the

University as of and for the years ended June 30, 2016 and 2015 and the report thereon of KPMG LLP, the University's independent auditors.

The University has reviewed the parts of this Official Statement describing the University, the Estimated Sources and Uses of Funds, the Series 2016 Project, the Refunding Plan, Bondholders' Risks, Continuing Disclosure and Appendix B. The University, as a condition to issuance of the Series 2016 Bonds, is required to certify that as of the date of this Official Statement, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

By: /s/ Gerrard P. Bushell
 Authorized Officer

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CERTAIN DEFINITIONS

Appendix A

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CERTAIN DEFINITIONS

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

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.

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.

Auction Date shall have the meaning given to such term in Section 7.11 of the Resolution.

Auction Rate Bond shall have the meaning given to such term in Section 7.11 of the Resolution.

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

Authority Fee means the fee payable to the Authority attributable to the issuance of the Bonds as more particularly described in Schedule B to the Loan Agreement and made a part of the Loan Agreement.

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

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the President, the Deputy Executive Director, the Vice President, the Chief Financial Officer, the Managing Director of Public Finance and Portfolio Monitoring, the Managing Director of Construction and the General Counsel and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the Institution, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the Institution to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice

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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 Institution, three hundred sixty-six (366) days) prior to and during which no petition by or against the Authority or the Institution, 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 Institution 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 the applicable Series Resolution and for purposes of Appendix C, means, collectively, the Series 2016A Bonds and the Series 2016B Bonds.

Bond Counsel means Squire, Patton Boggs (US) LLP and D. Seaton and Associates, P.A., P.C., or an attorney or other law firm or firms 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 as it may be amended from time to time.

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 Institution to secure the Institution's obligations under a Loan Agreement.

Continuing Disclosure Agreement means the agreement entered into in connection with the issuance of the Series 2016A Bonds and the Series 2016B Bonds, by and among the Authority, the Institution and the Trustee, or such other parties thereto designated at such times, providing for continuing disclosure.

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, bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the Institution relating to the construction of the Project, and any amendments to the foregoing.

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of 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 such 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 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 improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the

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Project, (vii) any sums required to reimburse the Institution or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on money borrowed from parties other than the Institution), (viii) interest on the Bonds, 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 a Loan Agreement, a Letter of Credit, a financial guaranty insurance policy in connection with the Bonds, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

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.

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) Federal Agency Obligations 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 paragraphs (i), (ii) and (iii) in this subsection 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 or purposes of federal income taxation.

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

Exempt Obligation means:

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

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

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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.

Institution means The New School, 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 Institution which is qualified to survey risks and to recommend insurance coverage for Institution facilities and services and organizations engaged in like operations.

Intercreditor Agreement means an agreement by and among, *inter alia*, the Authority, the Trustee, a Bank, if any, and any other applicable lenders, as creditors of the Institution, 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).

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 Institution 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.

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

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

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.

New Money Project means acquisition of a 5-story, approximately 185,844 square foot commercial building located at 34-42 West 14th St.

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

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

Outstanding, when used in reference to Bonds, 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

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to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

Parity Indebtedness means any indebtedness for borrowed money issued, incurred, assumed or guaranteed by the Institution that is secured by Collateral Security that, pursuant to an Intercreditor Agreement or otherwise, is of equal priority with the lien of such Collateral Security securing the Institution's obligations under one or more Loan Agreements and for purposes of Appendix C, means any other Indebtedness incurred by the Institution, which is secured by a security interest in all or any portion of the Pledged Revenues; *provided, however*, that such Indebtedness was not incurred at a time when an Event of Default or any default which with the passage of time or notice would become an Event of Default under the Loan Agreement has occurred and is continuing, and in connection with any such Indebtedness the person to whom the Institution is indebted shall have entered into an Intercreditor Agreement (as defined in the Resolution) by and among the Authority and the Trustee and each other person secured by a security interest in the Pledged Revenues that is on a parity with the Lien thereon to secure the Institution'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, 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 pledged.

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

(i) The lien of taxes and assessments which are not delinquent;

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

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

(iv) Easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not

materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

(v) Security interests, liens and other encumbrances to secure the purchase price of any equipment or furnishings;

(vi) Security interests, liens and other encumbrances to secure Parity Indebtedness;

(vii) Any instrument recorded pursuant to the Loan Agreement;

(viii) Leases on the New Money Project to the extent permitted by the Tax Certificate;

(ix) The Declaration of Restrictive Covenant dated November 9, 2012 and recorded February 20, 2013 in the Office of the City Register of the City of New York at CRFN 2013000070366; and

(x) Such other encumbrances, defects, and irregularities to which the prior written consent of the Authority has been obtained.

Permitted Investments means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

(iv) 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

Appendix A

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 (i) tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof, and (ii) any other money, income, rents or revenues of the Institution, the right to receive the same and the proceeds thereof pledged to the Authority in connection with the issuance of the Series 2016A Bonds and the Series 2016B Bonds, which other money, income, rents or revenues or the right to receive the same may be subject to pledges thereof made prior to the issuance of the Bonds in connection with which such money, income, rents or revenues or the right to receive the same and the proceeds thereof are pledged to the Authority.

Project means the buildings, improvements, fixtures, furnishings and equipment more particularly described in described in Schedule C to the Loan Agreement.

Rating Service 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 Interest Rate Bonds or Option Bonds, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

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

Refunded Bonds means all or a portion of outstanding Dormitory Authority of the State of New York, New School University Revenue Bonds, Series 2010.

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.

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.

Resolution means the Authority's The New School Revenue Bond Resolution, adopted by the Authority October 5, 2016, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

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 Collateral Security.

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, if any, or other provisions.

Series Resolution means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution and for purposes of Appendix C, **Series Resolutions** means, collectively, the Series 2016A Resolution and the Series 2016B Resolution.

Series 2016A Bonds means the Bonds authorized by Article II of the Series 2016A Resolution.

Series 2016B Bonds means the Bonds authorized by Article II of the Series 2016B Resolution.

Series 2016A Resolution means the Authority's Series 2016A Resolution Authorizing Up To \$470,000,000 The New School Revenue Bonds, Series 2016A adopted October 5, 2016 with respect to the Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms of the Loan Agreement.

Series 2016B Resolution means the Authority's Series 2016B Resolution Authorizing Up To \$470,000,000 The New School Revenue Bonds, Series 2016A adopted October 5, 2016 with respect to the Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms of the Loan Agreement.

Series Certificate means the Bond Series Certificate relating to the Bonds made and executed pursuant to Section 2.03 of the Series 2016A Resolution and the Series 2016B Resolution.

Shared Collateral means the lien of any Collateral Security securing the Institution'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 Institution's obligations under one or more other Loan Agreements or on Parity 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 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

Appendix A

said Outstanding Option Bonds or Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment.

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 the certificate executed by an Authorized Officer of the Authority and an Authorized Officer of the Institution, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Series 2016A Bonds and the Series 2016B Bonds in which the Authority and the Institution make representations and agreements as to arbitrage and compliance with the provisions of Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

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 with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

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

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

- (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or
- (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate;

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 defeasance provisions of 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 Section 7.11 of the Resolution.

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**CONSOLIDATED FINANCIAL STATEMENTS OF THE NEW SCHOOL
AS OF JUNE 30, 2016 AND 2015 AND FOR THE YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT THEREON**

Appendix B

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THE NEW SCHOOL

FINANCIAL STATEMENTS

July 1, 2015 through June 30, 2016

(With Independent Auditors' Report Thereon)



THE NEW SCHOOL

STATEMENT OF MANAGEMENT RESPONSIBILITY

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

The management of The New School maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization, and financial records are reliable for preparing financial statements. This system of control provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or detected within a timely period. Key elements in this system include the communication of written policies and procedures, selection and training of qualified personnel, and organizational arrangements that provide an appropriate division of responsibility. Management believes that, as of and for the years ended June 30, 2016 and 2015, The New School's system of internal control was adequate to accomplish these objectives.

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

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

A handwritten signature in black ink, appearing to read "S. Stabile".

Steve Stabile
Vice President for Finance &
Business and Treasurer

A handwritten signature in black ink, appearing to read "O. Shobowale".

Olatokumbo Shobowale
Chief Operating Officer



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

Independent Auditors' Report

The Board of Trustees
The New School:

We have audited the accompanying consolidated financial statements of The New School, which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The New School as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 25, 2016

THE NEW SCHOOL

Consolidated Balance Sheets

June 30, 2016 and 2015

(Dollars in thousands)

Assets	2016	2015
Cash and cash equivalents	\$ 1,974	5,466
Student accounts receivable, net (note 3)	11,867	11,416
Contributions receivable, net (note 4)	28,923	18,656
Investments (note 5)	328,314	387,711
Deferred charges and other assets (note 6)	41,542	12,528
Funds held by bond trustees (note 7)	16,923	11,608
Student loans receivable, net (note 3)	2,736	2,935
Land, buildings, and equipment, net (notes 6 and 8)	614,232	593,337
Total assets	<u>\$ 1,046,511</u>	<u>1,043,657</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities (notes 8, 16, and 18)	\$ 58,901	62,693
Deferred revenue	11,693	10,561
Federal Perkins student loan advances	2,048	3,763
Short-term debt (note 9)	25,000	—
Long-term debt (note 8)	421,999	424,670
Total liabilities	<u>519,641</u>	<u>501,687</u>
Commitments and contingencies (notes 5, 8, 9, 16, and 18)		
Net assets (notes 10 and 11):		
Unrestricted	358,283	374,740
Temporarily restricted	78,722	85,388
Permanently restricted	89,865	81,842
Total net assets	<u>526,870</u>	<u>541,970</u>
Total liabilities and net assets	<u>\$ 1,046,511</u>	<u>1,043,657</u>

See accompanying notes to consolidated financial statements.

THE NEW SCHOOL

Consolidated Statements of Activities

Years ended June 30, 2016 and 2015

(Dollars in thousands)

	2016	2015
Change in unrestricted net assets:		
Operating revenues:		
Student tuition and fees	\$ 378,792	365,828
Scholarship allowance (note 13)	(107,758)	(100,779)
Net tuition and fees	271,034	265,049
Contributions	3,136	2,378
Grants and contracts	8,642	6,697
Endowment return appropriated for operations (notes 5 and 11)	9,389	7,353
Auxiliary activities	42,038	41,801
Other income (note 5)	10,831	9,384
Net assets released from restrictions (note 12)	25,013	21,459
Total operating revenues	370,083	354,121
Operating expenses (note 14):		
Instruction and departmental research	135,457	132,271
Sponsored research and public services	15,669	10,835
Academic support	76,914	70,947
Student services	27,497	24,547
Auxiliary activities	42,704	44,262
Institutional support	72,627	68,222
Total operating expenses	370,868	351,084
Change in net assets from operating activities before insurance recovery on casualty loss and gain on sale of building	(785)	3,037
Insurance recovery on casualty loss (note 6)	1,463	5,630
Gain on sale of building (note 6)	—	25,456
Change in net assets from operating activities	\$ 678	34,123

THE NEW SCHOOL

Consolidated Statements of Activities

Years ended June 30, 2016 and 2015

(Dollars in thousands)

	2016	2015
Change in net assets from operating activities, brought forward	\$ 678	34,123
Nonoperating activities:		
Charge for debt defeasement (note 8)	—	(12,491)
Endowment return (notes 5 and 11)	(7,132)	5,466
Endowment return appropriated for operations (notes 5 and 11)	(9,389)	(7,353)
Other, net (note 16)	(982)	129
Net assets released for capital expenditures (note 12)	368	137
Change in unrestricted net assets	(16,457)	20,011
Changes in temporarily restricted net assets:		
Contributions	22,046	18,250
Grants for capital	355	—
Endowment return (notes 5 and 11)	(3,743)	3,216
Other, net	57	(163)
Net assets released from restriction (note 12)	(25,381)	(21,596)
Change in temporarily restricted net assets	(6,666)	(293)
Changes in permanently restricted net assets:		
Contributions for endowment	7,701	442
Other, net	322	143
Change in permanently restricted net assets	8,023	585
Change in net assets	(15,100)	20,303
Net assets at beginning of year	541,970	521,667
Net assets end of year	\$ 526,870	541,970
Certain amounts disaggregated above are presented below in the aggregate:		
Contributions	\$ 32,883	21,070
Endowment return	(10,875)	8,682
Endowment return appropriated for operations	15,120	13,060

See accompanying notes to consolidated financial statements.

THE NEW SCHOOL
Consolidated Statements of Cash Flows
Years ended June 30, 2016 and 2015
(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (15,100)	20,303
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,173	21,876
Provision for uncollectible student receivables	3,381	2,912
Amortization of net bond premium and deferred charges	(341)	(1,335)
Charge for debt defeasement	—	12,491
Net realized and unrealized loss (gain) on investments	13,696	(3,877)
Insurance recoveries on casualty loss	(1,463)	(5,630)
Gain on sale of building	—	(25,456)
Contributions and grants restricted for:		
Investment in endowment	(7,701)	(442)
Investment in capital projects	(575)	(275)
Changes in operating assets and liabilities:		
Student accounts receivable	(3,832)	(5,561)
Contributions receivable	(5,158)	(4,491)
Deferred charges and other assets	986	(524)
Accounts payable and accrued expenses	786	4,139
Deferred revenue	1,132	(609)
Net cash provided by operating activities	<u>8,984</u>	<u>13,521</u>
Cash flows from investing activities:		
Purchase of investments	(455,946)	(530,845)
Proceeds from sales of investments	501,647	530,961
Purchase of fixed assets	(44,068)	(62,857)
Down payment to purchase building	(30,000)	—
Proceeds from insurance recoveries	1,463	19,142
Proceeds from sale of building, net	—	27,697
Payments of accounts payable for fixed assets	(4,578)	2,091
Student loans issued	(242)	(336)
Student loans collected	441	716
Net cash used in investing activities	<u>(31,283)</u>	<u>(13,431)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	140,167
Advance cash defeasance of long-term debt	—	(140,762)
Cost of issuance of long-term debt	—	(1,128)
Proceeds from short-term debt	25,000	—
Payments on long-term debt	(2,330)	(4,610)
Change in funds held by bond trustees	(5,315)	4,638
Change in contributions receivable restricted for endowment	(7,141)	(10)
Change in contributions receivable restricted for capital projects	2,032	3,277
Contributions restricted for endowment	7,701	442
Contributions restricted for capital projects	575	275
Change in Federal Perkins student loan advances	(1,715)	(2)
Net cash provided by financing activities	<u>18,807</u>	<u>2,287</u>
Net change in cash and cash equivalents	(3,492)	2,377
Cash and cash equivalents – beginning of year	5,466	3,089
Cash and cash equivalents – end of year	<u>\$ 1,974</u>	<u>5,466</u>
Supplemental information – interest paid	\$ 19,803	24,142

See accompanying notes to consolidated financial statements.

THE NEW SCHOOL

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

(Dollars in thousands)

(1) The University

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

The New School comprises five colleges. They are Parsons School of Design, Eugene Lang College of Liberal Arts, College of Performing Arts, The New School for Social Research, and Schools of Public Engagement.

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

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

(2) Summary of Significant Accounting Policies

(a) *Net Asset Classifications*

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

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

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

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

THE NEW SCHOOL

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

(Dollars in thousands)

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

(b) Cash Equivalents

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

(c) Land, Buildings, and Equipment

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

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

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

(d) Art Collection

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

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

THE NEW SCHOOL

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

(Dollars in thousands)

(e) Contributions and Contributions Receivable

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

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

(f) Split Interest Agreements

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

At June 30, 2016 and 2015, assets associated with split interest gifts approximate \$1,799 and \$1,758, respectively, including a life estate interest of \$1,100 at each year end.

(g) Fair Value of Financial Instruments

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

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

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

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

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

Assets which the university reports at fair value on a recurring basis are investments and funds held by bond trustee.

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(h) Government Grants and Contracts

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

(i) Deferred Revenue

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

(j) Advertising Costs

Advertising expenses reflected in the statements of activities totaled \$2,870 and \$2,642 for fiscal years 2016 and 2015, respectively.

(k) Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include valuation of investments at fair value and estimated net realizable value of receivables. Actual results could differ from those estimates.

(l) Income Taxes

The university is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, except for any unrelated business income activities. The university recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The university evaluates, on an annual basis, the effects of any uncertain tax positions on its consolidated financial statements. As of June 30, 2016 and 2015, the university has not identified or provided for any such positions.

(m) Operations

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

The university has defined nonoperating activities principally to include endowment investment return net of amounts distributed to support operations in accordance with the endowment spending policy (note 11), endowment and capital contributions, net assets released from restrictions for capital expenditure, and activity related to annuity and unitrust agreements. Certain other gains, losses or

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transactions considered to be of a more unusual or nonrecurring nature are also included as part of nonoperating activities.

(n) Adoption of Recently Issued Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends the guidance on the classification and measurement of financial instruments. The guidance amends certain disclosure requirements associated with the fair value of financial instruments. ASU No. 2016-01 is effective for fiscal years beginning after December 15, 2018. Entities that are not public business entities may early adopt the provisions of the standard that eliminate certain previously required disclosures. The university chose to early adopt this standard for the year ended June 30, 2016 to simplify the reporting for financial instruments and as such is no longer required to provide the disclosures related to the fair value of financial instruments carried at amortized cost.

In 2015, the university early adopted Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient.

In 2015, the university early adopted ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented on the consolidated balance sheets as a direct deduction from the debt liability.

(o) Reclassifications

Certain reclassifications of 2015 amounts have been made to conform to the 2016 presentation.

(3) Student Accounts and Loans Receivable

Student accounts and loans receivable consisted of the following at June 30, 2016 and 2015:

	2016	2015
Student accounts receivable:		
Student accounts receivable	\$ 25,534	23,146
Less allowance for uncollectible accounts	(13,667)	(11,730)
	\$ 11,867	11,416
Student loans receivable:		
Student loans (Perkins loans)	\$ 4,732	4,987
Less allowance for uncollectible loans	(1,996)	(2,052)
	\$ 2,736	2,935

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(4) Contributions Receivable

Contributions receivable are expected to be collected as follows at June 30, 2016 and 2015:

	2016	2015
Amounts expected to be collected:		
In one year or less	\$ 16,794	12,847
In one year to five years	8,732	7,034
In more than five years	6,262	806
	31,788	20,687
Less:		
Allowance for uncollectible amounts	(1,721)	(1,801)
Discount to present value (at rates ranging from 0.11% to 5.15%)	(1,144)	(230)
	\$ 28,923	18,656

The amounts receivable from 10 donors represent approximately 78% and 68%, of the gross receivables as of June 30, 2016 and 2015, respectively.

(5) Investments

Investments, at fair value, consisted of the following at June 30, 2016 and 2015:

	2016	2015
Endowment investments:		
Cash and cash equivalents	\$ 8,209	7,560
Public equity	114,263	130,412
Fixed income	49,975	59,442
Hedge funds	102,469	112,299
Private equity	14,337	14,137
Real assets	34,959	25,007
	324,212	348,857
Operating and other investments:		
Cash and cash equivalents	1,052	12,718
Public equity	233	508
Fixed income	152	22,963
Real assets	2,665	2,665
	4,102	38,854
Total investments	\$ 328,314	387,711

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Investments in debt and equity securities with readily determinable fair values are reported at fair value based upon quoted market prices or published NAV for investments in funds with characteristics similar to a mutual fund. The estimated fair values of certain hedge funds, fixed income funds, private equity and real assets, are, as a practical expedient, based on NAV provided by the fund managers. These values are reviewed and evaluated by the university's management. The reported value may differ significantly from the values that would have been reported had a ready market for these investments existed.

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

Fixed Income – Fixed income includes investment grade and high yield funds. It is comprised of a limited liability partnership, which invests primarily in domestic middle market companies, a global multi-sector strategy fund, with a selection of undervalued securities, as well as a bond fund composed of shorter-duration U.S. government, agencies and instrumentality obligations. The redemption periods for these fixed income funds range from annually to no redemption. Remaining commitments to funds in this category total \$8,320 as of June 30, 2016.

Hedge Funds – Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Hedged strategies generally seek to benefit from opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies. The university's hedge funds are mostly long/short but also include event-driven, relative value, and multi-strategy. The redemption periods for these hedge funds range from monthly to no redemption.

Private Equity – Private equity funds employ buyout and venture capital strategies and may focus on investments in turn-around situations. Positions focus on the purchase, development, improvement, and management of companies that are not publicly traded on a stock exchange. These investments are made through limited partnerships which have a limited existence, generally 10 years. Under the terms of the agreements, the university is obligated to remit additional funding periodically as capital calls are exercised by the manager. Distributions are made to investors through the liquidation of the underlying assets. Remaining commitments to funds in this category total \$8,631 as of June 30, 2016.

Real Assets – The university's real assets are composed of commodities, global infrastructure and real estate. The commodity position is held in two investment strategies, one to mirror the price of gold and the other is a fund of diversified commodity futures. The real estate investment strategies include the purchase and management of solar power sites, global residential, commercial, and industrial real estate with value attempted to be realized through both improved operations and gains on eventual sale. Global infrastructure is a fund invested in securities of publicly traded infrastructure companies. Remaining commitments in this category total \$1,841 as of June 30, 2016.

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

		2016		
		Unrestricted	Temporarily restricted	Total
Dividends and interest	\$	3,158	1,741	4,899
Net realized and unrealized loss		(8,922)	(4,774)	(13,696)
Less custodial and advisory fees		(1,238)	(704)	(1,942)
Total investment return	\$	(7,002)	(3,737)	(10,739)
Investment return has been allocated as follows:				
Operating, pursuant to the university's endowment spending policy	\$	9,389	5,731	15,120
Operating, other income		130	6	136
Nonoperating investment activity		(16,521)	(9,474)	(25,995)
Total investment return	\$	(7,002)	(3,737)	(10,739)
		2015		
		Unrestricted	Temporarily restricted	Total
Dividends and interest	\$	4,534	2,876	7,410
Net realized and unrealized gain		2,600	1,277	3,877
Less custodial and advisory fees		(1,354)	(928)	(2,282)
Total investment return	\$	5,780	3,225	9,005
Investment return has been allocated as follows:				
Operating, pursuant to the university's endowment spending policy	\$	7,353	5,707	13,060
Operating, other income		314	9	323
Nonoperating investment activity		(1,887)	(2,491)	(4,378)
Total investment return	\$	5,780	3,225	9,005

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Investments at June 30, 2016 and 2015 are summarized in the following tables. Certain investments that are reported using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet:

	2016			Redemption/ liquidation
	Level 1	Level 3	Total	
Cash and cash equivalents	\$ 9,261	—	9,261	Daily
Equity securities:				
Domestic	51,345	—	51,345	Daily
International	24,735	—	24,735	Daily
Emerging markets	12,679	—	12,679	Daily
Global	25,737	—	25,737	Monthly
	<u>114,496</u>	<u>—</u>	<u>114,496</u>	
Fixed income:				
Investment grade	26,332	—	26,332	Daily
U.S. government –backed	152	—	152	Daily
	<u>26,484</u>	<u>—</u>	<u>26,484</u>	
Real assets:				
Commodities	17,345	—	17,345	Daily
Global infrastructure	7,450	—	7,450	Daily
Real estate	—	2,665	2,665	No redemptions
	<u>24,795</u>	<u>2,665</u>	<u>27,460</u>	
Investments measured at net asset value:				
Fixed income	—	—	23,643	Annual to no redemptions
Hedge funds	—	—	102,469	Monthly to no redemptions
Private equity	—	—	14,337	No redemptions
Real estate	—	—	10,164	No redemptions
	<u>—</u>	<u>—</u>	<u>150,613</u>	
Total	<u>\$ 175,036</u>	<u>2,665</u>	<u>328,314</u>	

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	2015			Redemption/ liquidation
	Level 1	Level 3	Total	
Cash and cash equivalents	\$ 20,278	—	20,278	Daily
Equity securities:				
Domestic	55,721	—	55,721	Daily
International	33,872	—	33,872	Daily
Emerging markets	13,931	—	13,931	Daily
Global	27,396	—	27,396	Monthly
	<u>130,920</u>	<u>—</u>	<u>130,920</u>	
Fixed income:				
Investment grade	39,666	—	39,666	Daily
U.S. government –backed	22,963	—	22,963	Daily
	<u>62,629</u>	<u>—</u>	<u>62,629</u>	
Real assets:				
Commodities	17,528	—	17,528	Daily
Real estate	—	2,665	2,665	No redemptions
	<u>17,528</u>	<u>2,665</u>	<u>20,193</u>	
Investments measured at net asset value:				
Fixed income	—	—	19,776	Annual to no redemptions
Hedge funds	—	—	112,299	Monthly to no redemptions
Private equity	—	—	14,137	No redemptions
Real estate	—	—	7,479	No redemptions
	<u>—</u>	<u>—</u>	<u>153,691</u>	
Total	<u>\$ 231,355</u>	<u>2,665</u>	<u>387,711</u>	

In 2015, ASU-2015-10, *Technical Corrections and Improvements*, was issued, which clarified the definition of an equity security to include an investment in a structure similar to a mutual fund. The fair value of an equity security is considered to be readily determinable if the fair value per share is determined and published, and is the basis for current transactions. Certain investments that meet this definition aggregating \$38,029 were previously reported at net asset value and excluded from the fair value hierarchy table. The 2015 disclosure has been corrected to reflect these investments in Level 1 of the fair value hierarchy table.

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Investments at June 30, 2016 and 2015 are summarized in the following tables by their investment liquidity profile:

	2016			2015		
	Endowment	Operating	Total	Endowment	Operating	Total
Daily	\$ 147,862	1,437	149,299	167,770	36,189	203,959
Monthly	68,504	—	68,504	45,046	—	45,046
Quarterly	42,985	—	42,985	77,990	—	77,990
Annual	27,696	—	27,696	24,355	—	24,355
Illiquid	37,165	2,665	39,830	33,696	2,665	36,361
Total	\$ 324,212	4,102	328,314	348,857	38,854	387,711

(6) Land, Buildings, and Equipment

Land, buildings, and equipment consisted of the following at June 30, 2016 and 2015:

	2016	2015
Land and air rights	\$ 50,413	50,413
Buildings and building improvements	588,612	561,245
Leasehold improvements	78,217	75,799
Furniture and equipment	37,115	36,245
Construction in progress	24,921	15,836
	779,278	739,538
Less accumulated depreciation	(165,046)	(146,201)
Total land, buildings, and equipment – net	\$ 614,232	593,337

On May 27, 2016, the university entered into an agreement to purchase a building located within the current campus area for the purchase price of \$153,000. Concurrent with the execution of the agreement, the university made a \$30,000 down payment which is included in deferred charges and other assets in the accompanying consolidated balance sheet as of June 30, 2016. Among other things, the agreement provided for the closing to take place no earlier than October 14, 2016 and no later than January 10, 2017.

On January 23, 2015, the university sold its property located at West 85th Street for \$28,298. The net carrying value of the property was \$2,240 on the date of the sale and costs of the sale were \$602. The university recognized an operating gain of \$25,456 in fiscal year 2015, reported in the accompanying consolidated statements of activities.

On January 15, 2014, the university incurred extensive water damage to three of its properties as a result of a water main break. The net book value of the assets damaged was \$20,493. Following the incident, the university filed insurance claims with various insurance carriers. The university received recoveries from the insurance carriers in the amount of \$1,463 and \$19,142 during the years ended June 30, 2016 and 2015,

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respectively, resulting in a recognized gain from casualty loss of \$1,463 and \$5,630 for the years ended June 30, 2016 and 2015, respectively.

(7) Funds Held by Bond Trustees

Construction and debt service funds, held by the bond trustees consisted of the following at June 30, 2016 and 2015:

	2016	2015
Cash and cash equivalents	\$ 16,838	11,268
U.S. Treasury securities	85	340
	\$ 16,923	11,608
	2016	2015
Construction funds	\$ 148	347
Debt service funds	16,775	11,261
	\$ 16,923	11,608

The funds held by bond trustees at June 30, 2016 and 2015 are reported at fair value and are classified as Level 1 in the fair value hierarchy.

(8) Long-Term Debt

Long-term debt consisted of the following at June 30, 2016 and 2015:

Description	Maturity date	Interest rate	2016 Principal balance	2015 Principal balance
Dormitory Authority of the State of New York Revenue Bonds:				
Series 2015	July 1, 2050	3.00%–5.00%	\$ 124,290	124,290
Series 2011	July 1, 2031	4.00–5.00	31,125	32,385
Series 2010	July 1, 2050	5.00–6.00	262,605	263,675
			418,020	420,350
Less:				
Unamortized bond issuance costs			(8,772)	(8,844)
Unamortized discount			(5,740)	(5,909)
Add unamortized premium			18,491	19,073
			\$ 421,999	424,670

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In May 2015, the university issued \$124,290 of Series 2015 tax-exempt serial and term bonds through the Dormitory Authority of the State of New York (the Dormitory Authority) to current refund Series 1999, Series 2001 and Series 2005 bonds and advance refund Series 2006 and a portion of Series 2010 bonds (\$36,950). Although the refunding and issuance of new bonds generates economic benefits expected to be realized over the life of the bonds, the transaction resulted in an accounting charge of approximately \$12,491, which includes the write-off of related bond issuance costs and is reflected as a nonoperating charge in the consolidated statements of activities. The serial bonds are due in varying annual installments through fiscal year 2035. Term bonds with varying yields are due in fiscal years 2040, 2045, and 2050. The university pledged tuition revenues and executed mortgages on properties located at 22-26 East 14th Street, 72 Fifth Avenue, 116-118 West 13th Street and a security interest in certain fixtures, furnishings, and equipment located in or used in connection with these properties. This collateral is shared on a pro-rata basis among the Series 2015 bonds and the remaining outstanding Series 2011 bonds.

In October 2011, the university issued \$35,480 of Series 2011 tax-exempt serial and term bonds through the Dormitory Authority to cash defease a portion of the outstanding Series 1999 and Series 2001 issues. The serial bonds are due in varying annual installments through fiscal year 2027. Term bonds with varying yields are due in fiscal years 2024, 2026, and 2031.

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

The loan agreements require the university to maintain an asset maintenance ratio in which a percentage of unrestricted net assets, excluding net investment in plant, plus temporarily restricted net assets (spendable net assets) to total long-term debt outstanding must be at least 40%.

For the years ended June 30, 2016 and 2015, interest expense totaled \$21,763 and \$22,075, respectively. At June 30, 2016 and 2015, interest payable included in accounts payable and accrued liabilities was \$10,887 and \$8,927, respectively.

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At June 30, 2016, aggregate principal maturities of long-term debt for each of the next five fiscal years and thereafter are as follows:

Fiscal year ending June 30:		
2017	\$	5,865
2018		6,300
2019		6,810
2020		7,340
2021		7,695
Thereafter		<u>384,010</u>
	\$	<u><u>418,020</u></u>

(9) Short-Term Debt

On June 10, 2016, the university entered into a margin agreement with its investment custodian to loan up to 50% of custodial liquid investments with interest payable at a rate equal to London Interbank Offered Rate (LIBOR) plus 0.35%. The loan is secured by mutual, bond and exchange-traded funds. No borrowings were made in fiscal year 2016.

The university established a \$25,000 unsecured line of credit with Bank of America, N.A. in May 2011, renewable annually. Amounts borrowed under the credit line are payable within one year with interest payable at a rate equal to LIBOR plus 0.7%. The LIBOR rate is one, two, three or six months as selected by the university. The loan will automatically convert to a prime rate if the university does not select a LIBOR duration at least three business days prior to the date of borrowing. At June 30, 2016, the university had borrowed \$25,000 at an average rate of 1.35%. No borrowings were outstanding as of June 30, 2015.

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(10) Net Assets

Net assets consisted of the following at June 30, 2016 and 2015:

	2016	2015
Unrestricted net assets:		
For operations, quasi endowment, and other designated activities	\$ 149,127	194,465
Net investment in plant	209,156	180,275
	<u>358,283</u>	<u>374,740</u>
Temporarily restricted net assets:		
Scholarships and departmental activities (including \$35,535 and \$45,009 of endowment appreciation in 2016 and 2015, respectively)	76,664	83,552
Building construction and equipment	285	99
Split interest agreements	1,773	1,737
	<u>78,722</u>	<u>85,388</u>
Permanently restricted net assets:		
Donor-restricted endowment funds with return for faculty support, student financial aid, and other purposes	82,257	81,073
Contributions receivable	7,608	769
	<u>89,865</u>	<u>81,842</u>
Total net assets	<u>\$ 526,870</u>	<u>541,970</u>

(11) Endowment

The university's endowment is composed of 299 individual funds established for a variety of purposes, including scholarships, professorships, faculty development, lectures, and research programs. The endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds functioning as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

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

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

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

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

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

In accordance with the spending policy, \$15,120 and \$13,060 of endowment return was made available in fiscal years 2016 and 2015, respectively, to support operations of the university.

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

The following tables present the university's endowment, exclusive of pledges, as of and for the years ended June 30, 2016 and 2015:

		2016			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$	(471)	35,535	82,257	117,321
Board-designated endowment funds		204,995	—	—	204,995
Total endowment net assets	\$	204,524	35,535	82,257	322,316

		2015			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$	(279)	45,009	81,073	125,803
Board-designated endowment funds		221,049	—	—	221,049
Total endowment net assets	\$	220,770	45,009	81,073	346,852

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, as of June 30, 2015	\$	220,770	45,009	81,073	346,852
Dividends and interest, net of investment fees of \$1,942		1,759	1,043	—	2,802
Net realized and unrealized loss		(8,891)	(4,786)	—	(13,677)
Contributions, net		—	—	1,184	1,184
Appropriation for spending		(9,389)	(5,731)	—	(15,120)
Transfer to board-designated funds		275	—	—	275
Endowment net assets, as of June 30, 2016	\$	204,524	35,535	82,257	322,316

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(Dollars in thousands)

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, as of June 30, 2014	\$ 171,759	47,500	80,631	299,890
Dividends and interest, net of investment fees of \$2,282	2,808	1,939	—	4,747
Net realized and unrealized gain	2,658	1,277	—	3,935
Contributions, net	—	—	442	442
Appropriation for spending	(7,353)	(5,707)	—	(13,060)
Transfer to board-designated funds	50,898	—	—	50,898
Endowment net assets, as of June 30, 2015	<u>\$ 220,770</u>	<u>45,009</u>	<u>81,073</u>	<u>346,852</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the university to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, the deficiencies of this nature that are reported in unrestricted net assets totaled \$471 and \$279 at June 30, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation from other endowment funds for certain programs that was deemed prudent by the university's Board of Trustees; the university generally suspends spending endowed funds if spending appropriations, as determined under the spending policy, exceed the accumulated appreciation.

(12) Net Assets Released from Restrictions

Net assets were released from donor restrictions due to the passage of time or by incurring costs satisfying the restricted purposes specified by the donors for fiscal years 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Scholarships and departmental activities	\$ 23,849	20,818
Payments received on pledges	1,164	641
Net assets released from restrictions – operating activities	25,013	21,459
Net asset released for capital expenditures – nonoperating activities	368	137
Total net assets released from restrictions	<u>\$ 25,381</u>	<u>21,596</u>

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June 30, 2016 and 2015

(Dollars in thousands)

(13) Scholarship Allowance

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

	2016	2015
University support	\$ 101,841	93,202
Sponsored support	5,917	7,577
	\$ 107,758	100,779

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

(14) Functional Classification of Expenses

Expenses are classified on a functional basis with allocation of costs among the functional categories for fiscal years 2016 and 2015 as follows:

Functional expenses	2016				
	Before allocation	Interest	Operation and maintenance of plant	Depreciation	After allocation
Instruction and departmental research	\$ 109,591	6,282	12,177	7,407	135,457
Sponsored research and public services	14,424	38	963	244	15,669
Academic support	58,437	3,269	10,365	4,843	76,914
Student services	24,740	682	1,353	722	27,497
Auxiliary activities	24,548	8,388	4,078	5,690	42,704
Institutional support	50,411	3,104	14,845	4,267	72,627
Operation and maintenance of plant	43,781	—	(43,781)	—	—
Depreciation	23,173	—	—	(23,173)	—
Interest	21,763	(21,763)	—	—	—
Total	\$ 370,868	—	—	—	370,868

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(Dollars in thousands)

<u>Functional expenses</u>	<u>2015</u>				
	<u>Before allocation</u>	<u>Interest</u>	<u>Operation and maintenance of plant</u>	<u>Depreciation</u>	<u>After allocation</u>
Instruction and departmental research	\$ 106,225	6,267	12,850	6,929	132,271
Sponsored research and public services	9,543	37	1,000	255	10,835
Academic support	52,979	3,100	10,332	4,536	70,947
Student services	21,763	680	1,376	728	24,547
Auxiliary activities	26,113	9,032	3,557	5,560	44,262
Institutional support	48,114	2,959	13,281	3,868	68,222
Operation and maintenance of plant	42,396	—	(42,396)	—	—
Depreciation	21,876	—	—	(21,876)	—
Interest	22,075	(22,075)	—	—	—
Total	<u>\$ 351,084</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>351,084</u>

(15) Fundraising Expenses

Fundraising expenses of \$4,270 and \$4,138, for the years ended June 30, 2016 and 2015, respectively, are included in institutional support in the accompanying consolidated statements of activities. For the purpose of disclosing fundraising expenses, the university includes only those fundraising costs incurred by its development office.

(16) Retirement and Postretirement Health Benefit Plans

Retirement Plans

The university has a defined contribution retirement plan which covers substantially all employees except certain union employees and which is funded through direct payments to Teachers Insurance and Annuity Association of America (TIAA) for the purchase of various types of investment contracts. For each eligible employee, the university's contribution is determined as a percentage of salary, taking into account age and length of accrued service. Retirement contributions paid by the university under this plan and charged to expense for fiscal years 2016 and 2015 were \$13,723 and \$11,155, respectively.

Multi-Employer Plans

At June 30, 2016, the university participated in four multi-employer pension plans established under collective bargaining agreements that cover certain groups of employees throughout the university, and reflected in the table below. These groups of employees are also eligible to participate in the New School 403(b) Retirement Plans. The university makes cash contributions to these plans under the terms of the collective-bargaining agreements that cover its union employees.

The zone status reflected in table below is based on information received from the plan sponsors and, as required by the Pension Protection Act (PPA), is certified by each plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plan in the yellow zone are less than 80% funded, and

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June 30, 2016 and 2015

(Dollars in thousands)

plans in the green zone are at least 80% funded. A zone status of red requires the plan sponsor to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP). Effective April 1, 2011, American Federation of Musicians & Employers' Pension Fund (local 802) imposed a surcharge of 9% of contributions while the plan is in critical status.

The "FIP/RP Status Pending/Implemented" column indicates plans for which an FIP or RP, as required by PPA, is either pending or has been implemented by the plan's sponsor. The university's contribution is also disclosed below followed by the expiration dates of the collective bargaining agreements requiring contributions to the plans.

The percentage of the university's contributions to local 840 Pension Fund as of December 31, 2015 and 2014 represents 84% and 78% of the total contributions to the plan, respectively. The university's contribution to Building Service 32BJ Benefit Funds, Local 802 (AFMEPF) and Local 94 (Central Pension Fund) contributions were insignificant to the Plan.

Pension fund	EIN/Pension plan number	Pension protection Act Zone status		FIP/RP Status pending/implemented	Contributions of The New School June 30		Surcharge paid	Expiration date of collective bargaining agreement
		June 30, 2016	June 30, 2015		2016	2015		
Building Service 32BJ Benefit Fund	13-1879376/001	June 30, 2016 Red	June 30, 2015 Red	Yes	\$ 807	797	No	June 30, 2019
AFMEPF (802)	51-6120204/001	March 31, 2016 Red	March 31, 2015 Red	Yes	133	150	Yes	June 30, 2020
Local 840 Pension Fund (1205)	13-6304568/001	December 31, 2015 Red	December 31, 2014 Red	Yes	892	774	No	June 30, 2020
Central Pension Fund (Local 94)	36-6052390/001	January 31, 2016 Green	January 31, 2015 Green	No	187	207	N/A	December 31, 2018

Postretirement Health Plans

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

The university funds its postretirement benefits costs on a pay-as-you-go basis. As of June 30, 2016 and 2015, the actuarially determined benefit obligation included in accounts payable and accrued liabilities was \$3,485 and \$2,891, respectively.

(17) Related Party Transactions

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

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(Dollars in thousands)

During fiscal year 2010, the Board of Trustees approved the engagement of two service firms, associated with trustees, in connection with the University Center construction project. Consistent with the policy discussed above, the decision to engage each of the firms was based on a review and discussion without participation of the interested trustees, with the assistance of real estate consultants and outside counsel, and a determination that such engagement was in the best interest of and provided substantial benefit to the university. Total amounts paid to the two firms during fiscal year 2015 was \$2,846. No such payments were made in 2016.

(18) Commitments and Contingencies

The university leases dormitory, classroom, office, student center, and theater space under various leases expiring through the year 2035. Rent expense is recognized on a straight-line basis over the term of the leases. The excess of rent expense accrued on a straight-line basis over rental payments is included in accounts payable and accrued liabilities in the consolidated balance sheets and totaled \$16,036 and \$15,413 at June 30, 2016 and 2015, respectively. Rental expense under operating leases for fiscal years 2016 and 2015 was \$22,347 and \$23,608, respectively.

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

Year ending June 30:	
2017	\$ 22,105
2018	22,511
2019	21,866
2020	21,707
2021	21,599
Thereafter	<u>139,993</u>
	<u>\$ 249,781</u>

At June 30, 2016, construction commitments were approximately \$25,198.

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

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

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(Dollars in thousands)

(19) Subsequent Events

The university evaluated subsequent events after the consolidated balance sheet date of June 30, 2016 through October 25, 2016, the date on which the consolidated financial statements were issued and determined that the following additional disclosure should be included:

Subsequent to the consolidated balance sheet date of June 30, 2016, the university repaid all amounts due on its unsecured line of credit. As of October 25, 2016, no amount remained outstanding.

The New School
66 West 12th Street
New York, NY 10011

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

Appendix C

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Project Financing

The Authority agrees to use its best efforts to authorize, issue, sell and deliver the Series 2016 Bonds in the aggregate principal amount sufficient, together with all other money available therefor, to pay (i) for the refunding of the Refunded Bonds, (ii) for the Costs of the Project, and (iii) to pay Costs of Issuance. The proceeds of the Series 2016 Bonds shall be applied as specified in the Series Resolutions or the Series Certificate(s) relating to the Series 2016 Bonds.

The Institution represents that it currently expects that it will commence to use the New Money Project for institutional purposes in Fiscal Year 2031.

(Section 4)

Construction of the Project

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

(Section 5)

Financial Obligations of the Institution

(a) Except to the extent that moneys are available therefor under the Resolution, the Series Resolutions or the Loan Agreement, including moneys in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Series 2016 Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and interest accrued but unpaid on investments held in the Debt Service Fund, the Institution pursuant to the Loan Agreement unconditionally agrees to pay or cause to be paid, so long as Series 2016 Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(i) On or before the date of delivery of the Series 2016 Bonds, the Authority Fee agreed to by the Authority and the Institution in connection with issuance of such Series of Bonds;

(ii) On or before the date of delivery of Series 2016 Bonds, such amount, if any, as is required, in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of such Bonds, and other costs in connection with the issuance of such Bonds;

(iii) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on the Series 2016 Bonds, becomes due, one sixth (1/6) of the interest coming due on the Bonds, on the immediately succeeding interest payment date on such Bonds so that on a date one month prior to the succeeding interest payment date sufficient amounts

Appendix C

are on deposit to pay interest on such Bonds next coming due; provided, however, that, if with respect to any Series 2016 Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July which is twelve (12) months prior to the July 1 on which the principal or a Sinking Fund Installment of the Series 2016 Bonds, if any, becomes due, one twelfth (1/12) of the principal and Sinking Fund Installment on the Series 2016 Bonds coming due on such July 1 so that on the tenth (10th) day of the month prior to the succeeding principal payment date sufficient amounts are on deposit to pay principal on the Series 2016 Bonds next coming due; provided, however, that, if with respect to Series 2016 Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments, if any, come due on such Series, on each payment date prior to such July 1 the Institution shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments, if any, of such Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1;

(v) At least forty-five (45) days (or such shorter period as the Authority may permit) prior to any date on which the Redemption Price or purchase price of Series 2016 Bonds previously called for redemption or contracted to be purchased, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

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

(vii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to paragraph (e) below of the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 2016 Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, a Credit Facility or a Liquidity Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Resolution in accordance with the terms thereof, and (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

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

(ix) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Series 2016 Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Series 2016 Bonds;

(x) To the extent not otherwise set forth in paragraph (a) above, including without limitation, in the event of any insufficiency, any amounts necessary to pay the principal, Sinking Fund Installment, or Redemption Price, if any, of, and interest on, the Series 2016 Bonds, on the dates, in the amounts, at the times and in the manner provided in or pursuant to the Resolution and the Series Resolutions, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolutions, the Institution will receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (a)(iv) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Series 2016 Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the Institution delivers to the Trustee for cancellation one or more Series 2016 Bonds of the maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Series 2016 Bonds so delivered.

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

(b) Notwithstanding any provision in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in the Loan Agreement), all money paid by the Institution to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the Institution's indebtedness to the Authority thereunder first with respect to interest and then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such money is applied by the Trustee for the payment of interest on Outstanding Series 2016 Bonds, and, with respect to the principal of such indebtedness, such money has been applied to, or are held for, payments in reduction of the principal amount of Outstanding Series 2016 Bonds and as a result thereof Series 2016 Bonds have been paid or deemed to have been paid in accordance with the Resolution. Except as otherwise provided in the Resolution, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Series 2016 Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Series 2016 Bonds.

(c) The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non happening of any event, irrespective of any defense or any right of set off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Series 2016 Bonds or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund established for such Project.

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

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

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

(f) The Institution, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Series 2016 Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any payment made pursuant to the provisions summarized below under the caption “*Sale of the Project*”, the Authority agrees to direct the Trustee to purchase or redeem Series 2016 Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution with respect to such Bonds; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution, including the purchase or redemption of all Series 2016 Bonds Outstanding, or to pay or provide for the payment of all Series 2016 Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Series 2016 Bonds Outstanding, or to cause all Series 2016 Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) If the Institution elects to purchase Series 2016 Bonds, with the written consent of the Authority, the Institution shall give written notice to the Authority and the Trustee whenever Series 2016 Bonds are to be purchased at the election of the Institution, which written notice shall include the maturity and principal amount of the Series 2016 Bonds to be so purchased. All such purchases shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for each such purchase.

(Section 9)

Security Interest in Pledged Revenues

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

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than the liens, pledges or security interests securing outstanding Parity Indebtedness, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution’s performance thereunder. The Institution agrees that, except in connection with the incurrence of Parity Indebtedness, it shall not hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by this Section.

(Section 11)

Collection of Pledged Revenues.

(a) Subject to the provisions of paragraph (b) below, and subject to the provisions of any Intercreditor Agreement, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution shall deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues and any other money which is required to be paid to the Trustee within ten (10) days following

the Institution's receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1 and (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to paragraph (b)(v) under the caption "*Defaults and Remedies*" below in this Appendix C, the Authority notifies the Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the Institution with respect to the Pledged Revenues and any other moneys which are required to be paid to the Trustee.

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

(c) Any Pledged Revenues collected by the Institution that are not required to be paid to the Trustee pursuant to this Section 12 or paragraph (b)(v) under the heading "*Defaults and Remedies*" below shall be free and clear of the security interest granted hereby and may be disposed of by the Institution for any of its corporate purposes provided that no Event of Default under the Loan Agreement nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.

(Section 12)

Consent to Pledge and Assignment

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority's rights to receive any and all of the payments required to be made pursuant to the provisions summarized above in paragraph (a) under the caption "*Financial Obligations of the Institution*", (ii) any or all security interests granted by the Institution under the Loan Agreement, including without limitation the security interest in the Pledged Revenues given by the Institution pursuant to Section 11 of the Loan Agreement summarized above under the caption "*Security Interest in Pledged Revenues*", and (iii) all funds and accounts established by the Resolution and pledged thereby in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated in the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this paragraph, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligations to make all payments required under the Loan Agreement and to performing all other obligations required to be performed by the Institution pursuant to the Loan Agreement. Any realization upon the security interest in the Pledged Revenues granted in accordance with the provisions of the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution pursuant thereto.

(Section 15)

Appendix C

Tax-Exempt Status of the Institution

The Institution represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, 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 the payment of unrelated business income tax. The Institution agrees that: (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Institution as an educational organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in a manner, or for any trade or business unrelated to the educational purposes of the Institution, which could adversely affect the exclusion of interest on the Series 2016 Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 17)

Use and Possession of the Project; Restrictions on Religious Use

Subject to the rights, duties and remedies of the Authority under the Loan Agreement and the applicable condominium agreements, rules and regulations with respect to the New Money Project that consists of condominium units or common facilities, the Institution shall, subject to Permitted Encumbrance number (viii), have sole and exclusive control and possession of and responsibility for (i) the Project; (ii) the operation of the Project and supervision of the activities conducted therein or in connection with any part thereof; and (iii) the maintenance, repair and replacement of the Project; provided, however, that except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of the Project by persons other than the Institution or its students, staff or employees in furtherance of the Institution’s corporate purposes if such use will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes..

The Institution covenants that it will not transfer, sell or convey the Project or any part thereof or interest therein, including development rights, unless (a) in the opinion of Bond Counsel such transfer, sale or conveyance will not cause interest on the Series 2016A Bonds to be included in the gross income of the owners of the Series 2016A Bonds for purposes of federal income taxation and (b) the Institution shall comply with any applicable provisions of Section 19 hereof. Unless otherwise required in order to maintain the exclusion of interest on the Series 2016A Bonds from the gross income of the owners thereof for purposes of federal income taxation, upon any transfer, sale or other conveyance of the Project or any portion thereof the provisions of this Agreement relating to the Project and its use, other than Section 22 hereof, shall no longer apply to the Project or portion thereof so sold.

The Institution agrees that with respect to the Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction shall not prohibit the free exercise of any religion; and provided, further, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit the Project or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion or real property thereof financed by the Series 2016 Bonds is being used for any purpose proscribed by the Loan Agreement. The Institution further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases the same for the fair market value

thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or if included in the Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of this paragraph an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 21 and 22)

Maintenance, Repair and Replacement

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

The Institution shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project which may have been financed by with the proceeds of the sale of the Series 2016 Bonds provided the Institution substitutes for any such removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced.

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

(Section 24)

Covenant as to Insurance

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

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

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

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

(Section 25)

Reporting Requirements; Access to Records

The Institution shall furnish or cause to be furnished to the Authority, the Trustee or such other persons as the Authority may designate:

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

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

(iii) prompt written notice to the Authority of the loss or change in the chief executive officer, the chief operating officer, president, or chief financial officer of the Institution;

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

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

(vi) such other information respecting the business, property or the condition or operations, financial or otherwise, of the Institution as the Authority may from time to time reasonably request (other than information the Institution is required by law to keep confidential), including, but not limited to, such information as, in the reasonable judgment of the Authority, may be necessary in order to ensure compliance with applicable federal securities laws in effect from time to time or to maintain a market for or enable securities dealers to offer the Series 2016 Bonds for sale.

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

(Section 28)

Defaults and Remedies

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

(i) the Institution shall (A) default in the timely payment of any amount payable pursuant to Section 9 of the Loan Agreement (other than pursuant to Section 9(a)(x) of the Loan Agreement) summarized above under the caption “*Financial Obligations of the Institution*” or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement or with the Resolution or the Series Resolutions, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable pursuant to Section 9(a)(x) of the Loan Agreement; or

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

(iii) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any other Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Series 2016 Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof; or

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

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

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

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

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

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

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

(xi) a final judgment for the payment of money which is not covered by insurance or reserves set aside by the Institution, which in the judgment of the Authority will adversely affect the rights of the Holders of the Series 2016 Bonds shall be rendered against the Institution and at any time after sixty (60) days from the entry thereof, (A) such judgment shall not have been discharged or paid, or (B) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within sixty (60) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

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

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

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

(ii) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Series 2016 Bonds or the Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money in the possession of the Institution representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Series 2016 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 Series 2016 Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter

as received, into a fund or account to be established for such purpose by the Authority; provided, however, that (1) the money in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured or waived; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

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

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

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

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

(Section 31)

Appendix C

Management Consultant

(a) If at any time while the Series 2016 Bonds are Outstanding the Institution has no long term unsecured, unenhanced debt obligations that are rated at least “A3” (or its then-equivalent) by Moody’s Investors Service, Inc. or at least “A-” (or its then-equivalent) by Standard & Poor’s Ratings Services or Fitch, Inc. then the Authority may require the Institution to engage, at the Institution’s expense, a Management Consultant, which the Institution pursuant to the Loan Agreement agrees to engage within sixty (60) days after such request is made.

(b) The Management Consultant shall review the fees and tuition, operations and management of the Institution and any other matters deemed appropriate by the Authority and make recommendations with respect to such fees and tuition, operations, management and other matters. Copies of the report and recommendations of the Management Consultant shall be filed with the Authority, the Board of Trustees of the Institution and an Authorized Officer of the Institution no later than one hundred twenty (120) days following the date of engagement of such Management Consultant.

(c) The Institution shall deliver to the Authority:

(i) Within sixty (60) days of receipt of such Management Consultant’s report, a written report of the Institution setting forth the Institution’s comment and response to the report and recommendations of the Management Consultant;

(ii) Within one hundred twenty (120) days of receipt of such Management Consultant’s report, (x) a report setting forth in reasonable detail the steps the Institution proposes to take to implement the recommendations of such Management Consultant, and (y) a certified copy of a resolution adopted by the Board of Trustees of the Institution accepting the report prepared by the Institution as required in clause (x) directly above; and

(iii) Within thirty (30) days after the end of each calendar quarter subsequent to the adoption of the resolution described in clause (ii)(x) directly above, a report demonstrating the progress made by the Institution in implementing the recommendations of the Management Consultant.

(d) Notwithstanding the foregoing provisions of this Section, the Institution may elect in lieu of engaging a Management Consultant to provide security, in form and substance acceptable to the Authority in its sole discretion, for the Institution’s obligations under the Loan Agreement.

(e) The provisions of Section 45 of the Loan Agreement may be amended by written agreement of the Authority and the Institution without the consent of the Trustee or the Holders of the Series 2016 Bonds.

(Section 45)

Termination

The Loan Agreement shall remain in full force and effect until no Series 2016 Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; provided, however, that the liabilities and the obligations of the Institution to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to the Loan Agreement shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of its duties under the Loan Agreement, and the release or surrender of any security interests granted by the Institution to the Authority pursuant the Loan Agreement.

(Section 46)

**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

Appendix D

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution. This summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. The headings below are not part of the Resolution but have been added for ease of reference only. Defined terms used in the Resolution 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 each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution 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 of that Series, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds of that Series over any other Bonds of that Series except as expressly provided or permitted in the Resolution.

(Section 1.03)

Assignment of Certain Rights and Remedies

(a) As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of a Series and for the performance of each other obligation of the Authority under the Resolution and the payment of all amounts owed to a Bank pursuant to the applicable reimbursement agreement relating to a Letter of Credit and for the performance of each other obligation of the Institution thereunder, the Authority may, pursuant to a Series Resolution, grant, pledge and assign to the Trustee and, if the Bonds are Letter of Credit Secured Bonds, to the Bank, all of the Authority's estate, right, title, interest and claim in, to and under the related Loan Agreement and the Collateral Security for such Loan Agreement, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement and Collateral Security, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance herewith) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Loan Agreement, including without limitation the right to declare the indebtedness under such Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon such Collateral Security, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Bondholders, and to perform all other necessary and appropriate acts under such Loan Agreement, subject to the following conditions:

(i) the Bonds of each Series shall be separately secured one from another by the Loan Agreement entered into in connection with a particular Series of Bonds, the Revenues derived from such Loan Agreement, and the Collateral Security given to secure the Institution's obligations under such Loan Agreement, and only the Bonds of the Series in connection with which such Loan Agreement was entered into shall be secured by such Loan Agreement except as otherwise expressly permitted hereby and by the terms of the applicable Loan Agreement;

(ii) that the Holders of the Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority; and

(iii) that, unless and until the Bank or the Trustee, in its discretion exercised following an "Event of Default" under a Loan Agreement that is continuing, so elects, by an instrument in writing delivered to the Authority

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and the Institution (and then only to the extent that the Trustee or the Bank so elects), neither the Trustee nor the Bank shall be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in such Loan Agreement securing such Loan Agreement to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision), the Authority, however, to remain liable to observe and perform all the conditions and covenants, in each Loan Agreement, provided to be observed and performed by it.

Upon the happening of an “event of default” as defined in the Resolution with respect to a Series of Bonds, other than a Determination of Taxability with respect to the Tax Exempt Bonds of any Series, the Authority shall assign to the Trustee for the benefit of the Holders of the Bonds of such Series all of its right, title and interest in and to the right of the Authority under the related Loan Agreement and Collateral Security to exercise any of the remedies provided thereby for the enforcement of the obligations of the Institution to make the payments thereunder, including the right to declare the indebtedness thereunder immediately due and payable.

Upon any assignment made pursuant to the Resolution, the Authority may retain the right to the payment of the fees, costs and expenses of the Authority payable pursuant to such Loan Agreement, the right to the indemnities provided thereby, the right to the payments, if any, required to be made pursuant to such indemnities and the right to exercise any of the remedies available thereunder for the enforcement of the obligations of the Institution the rights to which have been retained by the Authority. Such assignment shall be made by the execution and delivery to the Trustee of documents of assignment in form and substance reasonably acceptable to the Trustee.

Any grant, pledge or assignment made pursuant to the Resolution shall be evidenced by instruments in form and substance reasonably satisfactory to the Trustee or the Bank executed and delivered by the Authority as soon as practicable after a Loan Agreement is entered into or security interest is made or given. The Trustee and the Bank shall each accept such grant, pledge and assignment which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee and the Bank, respectively, in form and substance reasonably satisfactory to the Authority.

(b) If applicable, at or prior to the initial issuance and delivery of a Series of Bonds, upon delivery to the Trustee of evidence in writing from Authorized Officers of the Authority and the applicable creditors of the Institution with respect to such Series of Bonds to the effect that the Intercreditor Agreement among the Authority, such creditor(s) and the Trustee is in form and substance satisfactory to them (which may be evidenced by the execution thereof by the Authority and such creditor(s)), an Authorized Officer of the Trustee shall, upon determination by the Trustee that such Intercreditor Agreement is in form and substance satisfactory to it (which determination by the Trustee shall not be unreasonably withheld or delayed), execute and deliver to the Authority and such creditor(s) such Intercreditor Agreement. In addition, an Authorized Officer of the Trustee shall execute and deliver to the Authority and such creditor(s) such amendments to or supplements of such Intercreditor Agreement as may be requested by an Authorized Officer of the Authority.

(Section 1.04)

Refunding Bonds

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

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

(a) If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to duly give the notice provided for in the defeasance provisions of the Resolution to the Holders of the Bonds being refunded;

(c) Either (i) money in an amount sufficient to effect payment of the principal at maturity or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee in a separate fund or account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Resolution, which Defeasance Securities and money shall be held in trust and used only as provided in the defeasance provisions of the Resolution; and

(d) A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements summarized herein.

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

(Section 2.04)

Additional Obligations

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

(Section 2.05)

Redemption and Purchase of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds other than as summarized in the following paragraph, the Authority shall give written notice to the Trustee and each affected Bank of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee and each affected Bank at least sixty (60) days prior to the date on which such Bonds

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are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that Available Money for payment of the Redemption Price is available on the redemption date such notice shall not be given unless prior to the date such notice is given the Trustee then holds for payment of the Redemption Price Available Money sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed. For purposes of determining the amount required to be paid pursuant to the preceding sentence when Variable Interest Rate Bonds are to be redeemed, it shall be assumed that for any period for which the rate at which such Bonds will bear interest is unknown such Bonds bear interest at the Maximum Rate established therefore by the Series Resolution authorizing such Bonds or the Bond Series Certificate applicable thereto.

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

Whenever by the terms of the Resolution the Trustee is required to redeem Bonds through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of the Series and maturities to be redeemed in the manner provided in the Resolution, give the notice of redemption and pay out Available Money for the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, in accordance with the terms of the Resolution.

(Section 4.03)

Selection of Bonds to Be Redeemed

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

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

(Section 4.04)

Notice of Redemption

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) the principal amount of each Bond to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that, except in the case of Book-Entry Bonds, such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption and (ix) if the Authority's obligation to redeem the Bonds is subject to conditions, a statement that describes the condition to such redemption. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue.

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

(Section 4.05)

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bonds are surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, Available Money for the redemption

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of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If Available Money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Purchase of Purchased Bonds

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

(Section 4.07)

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

Pledge of 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, the Authority's security interests in the Collateral Security to the extent provided pursuant to the Resolution and the applicable Series Resolution, 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 by the Resolution 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 of the Resolution and the Series Resolution.

The pledges made under the Resolution 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 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 pledged hereby as provided in the Resolution.

(Section 5.01)

Establishment of Funds and Accounts

Each Series Resolution shall establish or delegate the establishment of the following funds and accounts, which shall be for the sole benefit of and solely secure the Series of Bonds authorized by such Series Resolution:

Construction Fund:
 Project Account;
 Capitalized Interest Account; and
 Cost of Issuance Account; and
Debt Service Fund.

In addition to the funds and accounts required to be established by or pursuant to each Series Resolution, there is by the Resolution established an Arbitrage Rebate Fund to be held by the Trustee as custodian for the Authority, which fund is not pledged to the payment of any Bonds. The Authority is authorized under the Resolution in connection with the issuance of a Series of Bonds to establish such other funds, accounts and subaccounts in connection with such Series of Bonds as the Authority or the Trustee deems proper, necessary or desirable, including but not limited to a Debt Service Reserve Fund.

All money at any time deposited in any fund, account or subaccount created or required to be created by a Series Resolution and pledged by the Resolution shall be held in trust for the benefit of the Holders of the Outstanding Bonds secured thereby, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution. Notwithstanding the foregoing, (i) the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price of such Option Bonds, and (ii) any fund or account established by or pursuant to such Series Resolution for repayment of advances made under a Liquidity Facility for payment of the purchase price of Option Bonds, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds, and may be pledged to the provider of such Liquidity Facility.

(Section 5.02)

Application of Money in the Construction Fund

As soon as practicable after the delivery of a Series of Bonds, the Trustee shall deposit in the Construction Fund established in connection with such Series of Bonds the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority shall pay over to the Trustee and the Trustee shall deposit in such 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) and all amounts paid by the Institution which by

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the terms of the Loan Agreement executed in connection with such Series of Bonds are required to be deposited therein.

Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, money deposited in a Construction Fund shall be used only to pay the Costs of Issuance of the Series of Bonds in connection with which such Construction Fund was established and the Costs of the Project for which such Construction Fund was established.

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for the Costs of the Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, substantiated by a certificate filed with the Authority signed by an Authorized Officer of the Institution identifying the Project, and describing in reasonable detail the purpose for which money was used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of the Project, except that payments to pay interest on Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the applicable Debt Service Fund.

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

The Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the Institution, which certificate shall be delivered as soon as practicable after the date of completion of the Project, or upon delivery to the Institution and the Trustee of a certificate signed by an Authorized Officer of the Authority which certificate may be delivered at any time after completion of the Project. Any such certificate shall state that the Project has been completed substantially in accordance with the plans and specifications, if any, applicable to the Project and that the Project is ready for occupancy or use, and, in the case of a certificate of an Authorized Officer of the Institution, shall specify the date of completion.

Upon receipt by the Trustee of a certificate relating to the completion of 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 related Debt Service Fund, to be applied in accordance with the Resolution, 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 applicable 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 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 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 Resolution 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 Resolution 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 any Loan Agreement 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 Institution 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 Institution, in the respective amounts set forth in such direction. Any amounts paid to the Institution shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable 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 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.

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Notwithstanding the provisions of the Resolution summarized in paragraph (a) above, the Authority may, at any time subsequent to the first day of July (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, 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 Institution 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.

(b) 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 Institution for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, money on deposit in any other funds held by the Trustee under the Resolution 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 Money 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 Institution. 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 redemption provisions of the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of such 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 and Investment of Funds

Security for Deposits

All money held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority and the Holders of 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 debt service fund provisions or the defeasance provisions of the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on 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)

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Investment of Funds and Accounts

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

(b) In lieu of the investments of money in obligations authorized in paragraph (a) summarized 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 the Resolution and summarized 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 Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of the Resolution summarized in paragraphs (a), (b) and (c) above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

(f) No part of the proceeds of 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)

Particular Covenants

Payment of Principal and Interest

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

(Section 7.01)

Further Assurance

The Authority, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, pledges and assignments created by the Resolution or made or intended to be created or made, or which the Authority may hereafter become bound to pledge or assign.

(Section 7.04)

Accounts and Audits

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

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution 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 Institution

The Authority shall take all legally available action to cause the Institution to perform fully all duties and acts and comply fully with the covenants of the Institution required by a Loan Agreement in the manner and at the

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times provided in such Loan Agreement; ***provided, however,*** that the Authority may (i) delay, defer or waive 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, deferment or waiver 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 Institution 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 or condemnation award to be so applied, shall be deposited in the Construction Fund.

(Section 7.08)

Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds 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.

(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 Institution's obligations under the Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the Institution contained in the Loan Agreement; (ii) to prescribe further limitations and restrictions upon the Institution'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 Institution, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Institution 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 Institution 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 summarized above, 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 provided in the Resolution if such amendment, change, modification, alteration, termination or waiver (i) reduces the amount of Revenues payable by the Institution 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 the Resolution.

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 Institution shall not be deemed Outstanding for the purpose of consent provided for in the Resolution, and neither the Authority nor the Institution shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Authority will 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 the portion of the Resolution summarized in this subsection, 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 the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; **provided, however**, that, if such consent is given by a purchaser who is purchasing as an underwriter, 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 will 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 the portion of the Resolution summarized in this subsection, 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,

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alteration, termination or waiver and any such determination will be binding and conclusive on the Institution, the Authority and all Holders of Bonds.

For all purposes of the portion of the Resolution summarized in this subsection, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel will 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)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

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

- (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 money, securities or funds;
- (f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions;
- (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 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 Institution and the Rating Service upon its becoming effective.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution summarized under the heading “**Further Assurance**” above, or the right or obligation of the Authority to execute and deliver to the Trustee any instrument elsewhere in the Resolution provided 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, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution and to each affected Bank upon its becoming effective.

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

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

(Section 9.03)

Amendments of Resolution

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 of a Series under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds of such Series Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund

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Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond 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 the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect.

The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds; **provided, however**, that such 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 receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders of a Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to 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 Resolution as summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution as summarized below. 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 the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds 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 the

Resolution, 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 provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however,** that the Authority and the Trustee during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

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

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds 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 Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.04)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under each Series Resolution (therein called an “event of default”) if:

- (a) With respect to Bonds of a Series, payment of the principal, Sinking Fund Installments or Redemption Price of any Bond of such Series shall not be made by the Authority when the same shall otherwise become due and payable; or
- (b) With respect to Bonds of a Series, payment of an installment of interest on any Bond of such Series shall not be made by the Authority when the same shall become due and payable; or

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(c) With respect to the Tax Exempt Bonds of a Series, a Determination of Taxability shall have occurred and be continuing; or

(d) With respect to Bonds of a Series, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds of such Series or in any Series Resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and diligently prosecute the cure thereof; or

(e) With respect to Bonds of a Series, an “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in the Resolution, 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 of such Series to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or in the Bonds to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, 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 then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Funds sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Resolution and under each Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; (iv) with respect to Letter of Credit Secured Bonds, the Trustee receives notice from the Bank that the Bank has rescinded its notice of an Event of Default under the Letter of Credit; and (v) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in any Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the section of the Resolution summarized in this paragraph) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

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

In the enforcement of any remedy under the Resolution and under each Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of any Series Resolution or of the Bonds of a Series, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under any Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Authority but solely as provided in the Resolution, in any Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

(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 thereunder unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are by the Resolution declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds secured by the Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds. Notwithstanding any other provision of the Resolution, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Defeasance

Defeasance

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other 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

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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 Institution. 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 the Resolution. 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) above 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 the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; and

(iv) 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 the Resolution. The Trustee shall select the Bonds of like Series and maturity the payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any 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 by the Resolution above 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 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 Institution. 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 the provisions of the Resolution, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at 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 the provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), 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 Institution. 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) For the purpose of determining whether an Option Bond shall be deemed to have been paid in accordance with the provisions of the Resolution summarized in this subsection, 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 the provisions of the Resolution summarized in the preceding paragraph (b), the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of the provisions summarized in 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 Institution. 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

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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)

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

Appendix E

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FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

To Be Rendered By Each Of
Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., P.C.

_____, 2016

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

We have served as bond counsel to our client the Dormitory Authority of the State of New York (the “Authority”) and not as counsel to any other person in connection with the issuance by the Authority of its \$316,040,000 The New School Revenue Bonds, Series 2016A (Tax-Exempt) (the “Series 2016A Bonds” and its \$86,420,000 The New School Revenue Bonds, Series 2016B (Federally Taxable) (the “Series 2016B Bonds” and together with the Series 2016A Bonds, the “Series 2016 Bonds”), dated the date of this letter.

The Series 2016 Bonds are issued pursuant to the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”), the The New School Revenue Bond Resolution, the Series 2016A Resolution Authorizing Up To 470,000,000 The New School Revenue Bonds, Series 2016A (the “Series 2016A Resolution”), and the Series 2016B Resolution Authorizing Up To 470,000,000 The New School Revenue Bonds, Series 2016B (Taxable) (the “Series 2016B Resolution” and together with the Series 2016A Resolution, the “Series Resolutions”), each adopted on October 5, 2016 (collectively, the “Resolution”). Capitalized terms not otherwise defined in this letter are used as defined in the Resolution or the Loan Agreement (as defined herein).

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2016 Bonds, a copy of the signed and authenticated Series 2016A Bond and Series 2016B Bond of the respective first maturity and the Loan Agreement, dated as of October 5, 2016 (the “Loan Agreement”), between the Authority and The New School (the “Institution”), and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Resolution has been duly and lawfully adopted by the Authority.
2. The Resolution and the Loan Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
3. The Series 2016 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the

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Resolution and are entitled to the equal benefits of the Resolution and the Act. The payment of debt service on the Series 2016 Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2016 Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of New York or any of its political subdivisions.

4. Interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Series 2016A Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on the Series 2016B Bonds is not excluded from gross income for federal income tax purposes. Interest on the Series 2016 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. We express no opinion as to any other tax consequences regarding the Series 2016 Bonds.

We are further of the opinion that the difference between the principal amount of the Series 2016A Bonds maturing on July 1, 2033 and July 1, 2034 (“Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount (“OID”). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above, as other interest on the Series 2016A Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond at its issue price in the initial public offering who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Initial purchasers of the Series 2016A Bonds maturing on July 1, 2021 through July 1, 2032, inclusive, July 1, 2035 through July 1, 2037, inclusive, July 1, 2041, July 1, 2043, July 1, 2046 and July 1, 2050, whose initial adjusted basis in such Bonds exceeds the respective principal amount of such Bonds (“Premium Bonds”) will have bond premium to the extent of that excess. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield must be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority, and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the Institution delivered in connection with this matter.

In rendering those opinions with respect to the treatment of the interest on the Series 2016A Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Authority and the Institution. Failure to comply with certain of those covenants subsequent to issuance of the Series 2016A Bonds may cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

In rendering those opinions with respect to the treatment of the interest on the Series 2016A Bonds under the federal tax laws, we also further assume the correctness of, and rely on the opinions of counsel to the Institution, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code, and the use of the facilities financed with the Series 2016A Bonds in activities that are not considered “unrelated trade or business” activities of the Institution, as defined in Section 513(a) of the Code, which

opinions are subject to a number of qualifications and limitations. We also assume the correctness of, and rely upon the accuracy of, representations of the Institution concerning the use of the facilities financed with the Series 2016A Bonds in activities that are considered “unrelated trade or business” activities of the Institution, as defined in Section 513(a) of the Code. Failure of the Institution to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Series 2016A Bonds in a manner that is substantially related to the Institution’s exempt purpose under Section 513(a) of the Code, may cause interest on the Series 2016A Bonds to be included in gross income retroactively to the date of the issuance of the Series 2016A Bonds.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Series 2016A Bonds, the Resolution or the Loan Agreement.

The opinions contained in paragraphs 1, 2 and 3 above are qualified to the extent that the enforceability of the Resolution, the Series 2016 Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors’ rights generally or as to the availability of any particular remedy.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institution.

We express no opinion in this letter as to the accuracy, completeness, fairness or sufficiency of the Official Statement relating to the Series 2016 Bonds, or any appendices thereto.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Series 2016 Bonds has concluded on this date.

Respectfully submitted,

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FORM OF CONTINUING DISCLOSURE AGREEMENT

Appendix F

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AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
THE NEW SCHOOL REVENUE BONDS, SERIES 2016A AND SERIES 2016B**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of _____, 2016, is executed and delivered by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”), The New School (the “Obligated Person”), The Bank of New York Mellon, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) 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 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 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 The Bank of New York Mellon and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than 150 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending June 30, 2017, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual

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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 7-THE UNIVERSITY” under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions and enrollment*, similar to that set forth in the tables under the subheading “**Student Applications, Acceptances and Enrollments;**” (2) *tuition and other student charges*, similar to that set forth in the table under the subheading, “**Tuition and Fees;**” (3) *financial aid*, similar to that set forth in the tables under the subheading, “**Financial Aid and Scholarships;**” (4) *faculty*, similar to that set forth in the table under the subheading, “**Academic Faculty;**” (5) *employee relations*, including material information about

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union contracts and, unless such information is included in the Audited Financial Statements, retirement plans; (6) *investments*, unless such information is included in the Audited Financial Statements; (7) *plant values*, unless such information is included in the Audited Financial Statements; and (8) *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

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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 Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the 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 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

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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.

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 Section 4(b). 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. 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.

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 conflicts of laws).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page left intentionally blank]

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The Disclosure Dissemination Agent, the Issuer, the Trustee and the Obligated Person have caused this 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: _____

THE NEW SCHOOL,
Obligated Person

By: _____
Name: _____
Title: _____

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

By: _____
Authorized Officer

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): The New School
Name of Bond Issue: The New School Revenue Bonds, Series 2016A and Series 2016B
Date of Issuance: _____, 2016
Date of Official Statement: _____, 2016

Maturity

CUSIP No.

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): The New School
Name of Bond Issue: The New School Revenue Bonds, Series 2016A and Series 2016B
Date of Issuance: _____, 2016

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 _____, 2016, by and among the Obligated Person, the Dormitory Authority of the State of New York, as Issuer, The Bank of New York Mellon, 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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