
DORMITORY AUTHORITY OF
THE STATE OF NEW YORK

EHS TOWERS LLC
SUBORDINATE REVENUE BOND RESOLUTION

Adopted [May 19], 2021

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY
OF A SERIES OF EHS TOWERS LLC -- CUNY STUDENT HOUSING PROJECT
SUBORDINATE REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE
PRINCIPAL OF AND INTEREST ON SUCH BONDS; AND PROVIDING FOR THE
RIGHTS OF THE HOLDERS THEREOF

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A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF A SERIES OF EHS TOWERS LLC -- CUNY STUDENT HOUSING PROJECT SUBORDINATE REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.

BE IT RESOLVED BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK AS FOLLOWS:

ARTICLE I

DEFINITIONS; CONTRACT AND AUTHORITY

SECTION 1.01. Definitions and Interpretation. As used in this resolution, unless a different meaning clearly appears from the context:

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 a Bond Series Certificate 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 thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

Act means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 of Article 8 of the Public Authorities Law, as amended);

Annual Administrative Fee means the annual fee for the general administrative expenses of the Authority in the amount determined as provided in the Loan Agreement;

Annual Institution Fee (Subordinate) shall mean the annual fee to be paid to the Institution in accordance with the Project Management Agreement;

Annual Managing Agent's Fee (Subordinate) means the annual fee to be paid to the Managing Agent in accordance with the Project Management Agreement;

Appreciated Value means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or a Series Certificate 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 thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

Arbitrage Rebate Fund means the fund so designated and established pursuant to Section 5.02 hereof;

Assigned Revenues means the (i) fund balances, proceeds, charges, income, rents, license fees, receipts, profits, revenues and benefits of the Institution, in each case relating to or derived from its interest in and/or operation of the Project excluding security deposits until applied in accordance with the applicable license or lease agreement and (ii) any payments received or receivable by the Institution under any Interest Rate Exchange Agreement related to any Bonds;

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 a fee payable to the Authority consisting of a payment to be made upon the issuance of Bonds in an amount set forth in the Loan Agreement;

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

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

Board of Trustees or the Vice Chancellor of Facilities, Planning, Construction and Management and when used with reference to any act or document also means the person or persons authorized by a resolution or the by-laws of CUNY to perform any act or execute any document;

Bond or **Bonds** means any of the bonds of the Authority authorized pursuant and issued pursuant hereto and to a Series Resolution;

Bond Counsel means an attorney or a law firm, appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds;

Bond Series Certificate means a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds of a Series in accordance with the delegation of power to do so hereunder or under the Series Resolution authorizing the issuance of such Bonds;

Bond Year means a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30th of the succeeding calendar year;

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

Book Entry Bonds means Bonds authorized to be issued to, and registered in the name of, a Depository directly or indirectly for the beneficial owners thereof;

Business Day means any day other than a Saturday, Sunday or a day on which the Trustee, or the Insurance Trustee, if applicable, is authorized or required by law or executive order to remain closed in The City of New York; provided, however, that, with respect to Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee, the Insurance Trustee or the provider of a Liquidity Facility for such Bonds is 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 therefor and is payable only at the maturity or prior redemption thereof.

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

Construction Fund means the fund so designated and established pursuant to Section 5.02 hereof;

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, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums,

fees and charges for insurance and liquidity support for such Bonds, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing;

Cost or Costs of the Project means, with respect to the Project, costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection therewith, including, but not limited to, (i) costs and expenses of the acquisition of the title to (including premiums and other charges in connection with obtaining title insurance) 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, renovation, repair and improvement of such Project, (iii) the cost of surety bonds and insurance of all kinds, that may be required or necessary prior to completion of such Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of such Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution or CUNY shall be required to pay for the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement and equipping of such Project, (vii) any sums required to reimburse the Institution, CUNY 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 such Project (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement or equipping of such Project, and (ix) fees, expenses and liabilities of the Authority, the Institution or CUNY incurred in connection with such Project or pursuant hereto or to the Loan Agreement;

CUNY means the City University of New York, a separate and distinct body corporate under Article 125 of the New York Education Law;

Debt Service Fund means the fund so designated and established pursuant to Section 5.02 hereof;

Debt Service Reserve Fund means the fund so designated and established pursuant to Section 5.02 hereof;

Debt Service Reserve Fund Requirement means the sum of the amounts if any, prescribed by the Series Resolution, authorizing each Series of Bonds;

Defeasance Security means any of the following:

- (a) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations;
- (b) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligations; and

(c) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least two nationally recognized statistical rating services in the highest rating category;

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

Deferred Income Bond means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such 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.

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.

Excess Earnings means the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code;

Exempt Obligation means any of the following:

(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 hereunder, is rated, without

regard to qualification by symbols such as “+” or “-” or numerical notation, by at least two nationally recognized statistical rating services not lower than the second highest rating category for such obligation;

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

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

Facility Provider means the issuer of any surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund as provided in Section 5.07 hereof or in accordance with a Supplemental Resolution or the applicable Series Resolution;

Federal Agency Obligation means any of the following:

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

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

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

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

Fitch means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns;

Government Obligation means any of the following:

(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 of principal and interest by the United States of America;

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

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

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

Gross Proceeds means, unless inconsistent with the provisions of the Code, (i) amounts received by the Authority from the sale of the Bonds (other than amounts used to pay underwriters' fees and other expenses of issuing the Bonds), (ii) amounts treated as transferred proceeds of the Bonds in accordance with the Code, (iii) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds, including any necessary allocation between two or more series of Bonds in the manner required by the Code, (iv) amounts in the Debt Service Reserve Fund, (v) securities or obligations pledged by the Authority, CUNY, or the Institution as security for payment of debt service on such Bonds, (vi) amounts received with respect to obligations acquired with Gross Proceeds, (vii) amounts used to pay debt service on such Bonds, and (viii) amounts received as a result of the investment of Gross Proceeds;

Ground Lease means the Agreement of Lease dated as of March 2, 2005 between the Authority and the Institution as from time to time amended, supplemented or otherwise modified in accordance with the terms and provisions hereof and of the Ground Lease including as amended by the amendment dated as of _____, 2021;

Institution means EHS Towers LLC, the institution for whose benefit the Authority has issued the Bonds and with whom the Authority has executed the Loan Agreement, and its successors and assigns permitted under the Loan Agreement;

Insurance Trustee means the person, if any, designated in a municipal bond insurance policy issued by an Insurer in connection with the Bonds with whom funds are to be deposited by such Insurer to make payment pursuant to such policy on account of the principal and Sinking Fund Installments of and interest on such Bonds;

Insurer means any firm, association or corporation, including public bodies and governmental agencies, acceptable to the Authority, which has issued a policy of municipal bond insurance in connection with a Series of Bonds, and the successor or assign of the obligations of such firm, association or corporation under such policy;

Insurer Default means any of the following with respect to an Insurer of a Series of Bonds: (a) there shall occur a default in the payment of principal of or any interest on any Bond when required to be made by a municipal bond insurance policy, (b) a municipal bond insurance policy shall have been declared null and void or unenforceable in a final determination by a court of law of competent jurisdiction or (c) the Insurer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of such Insurer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors;

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 Obligation or a Bond Series Certificate, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year.

Interest Rate Exchange Agreement means an agreement entered into by the Institution in connection with the issuance of or which relates to Bonds of one or more Series which (i) provides that during the term of such agreement the Institution is to pay to the counterparty an amount based on the interest accruing at a fixed or variable rate per annum on an amount not greater than the principal amount of such Bonds and that the counterparty is to pay to the Institution an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement and (ii) if applicable, in the opinion of Bond Counsel, will not adversely affect the exclusion of interest on Bonds from gross income for the purposes of federal income taxation.

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

Liquidity Facility means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by any of (i) a bank, (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, (vi) a savings bank, (vii) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized under the laws of any state or territory of the United States of America, (viii) a savings and loan association, (ix) an insurance company or association chartered or organized under the laws of any state of the United States of America, (x) the Government National Mortgage Association or any successor thereto, (xi) the Federal National Mortgage Association or any successor thereto, or (xiii) any other federal agency or instrumentality approved by the Authority, in each case pursuant to which the Authority is entitled to obtain moneys upon the terms and conditions contained therein for the purchase or redemption of Outstanding Option Bonds tendered for purchase or redemption in accordance with the terms hereof and of the Series Resolution authorizing such Option Bonds or the applicable Bond Series Certificate.

Loan Agreement means the Loan Agreement or other agreement, by and between the Authority and the Institution in connection with the issuance of the Bonds, as the same may from time to time be amended, supplemented or otherwise modified as permitted hereby and by the Loan Agreement;

Managing Agent means Capstone On-Campus Management LLC and its successors or assigns as permitted under the Project Management Agreement, or any other person appointed

by the Institution and CUNY, with the approval of the Authority, as the managing agent for the Project;

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

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

Moody's means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns;

Mortgage means a mortgage, including a leasehold mortgage, granted by the Institution to the Authority in connection with the issuance of the Bonds, in form and substance satisfactory to the Authority, on the Mortgaged Property mortgaged in connection therewith, as security for the performance of such Institution's obligations under the Loan Agreement, as such Mortgage may be amended or modified as provided in such Loan Agreement;

Mortgaged Property means the land described in the Mortgage, or if the Institution has a leasehold interest in land, such leasehold estate described in the Mortgage, and the buildings and improvements thereon or hereafter erected thereon and the fixtures, furnishings and equipment owned by the Institution and now or hereafter located therein or thereon;

Operating Account means an account held by the Managing Agent, the Institution or CUNY (and not pledged hereunder) and designated as such in writing to the Trustee and the Authority.

Operating Budget means the operating budget for the Project for each Bond Year prepared in accordance with the Project Management Agreement (as it may be amended in accordance with the Project Management Agreement) which shall include the estimated Operating Expenses for each month, the Annual Institution Fee (Subordinate) for such Bond Year, the Annual Managing Agent's Fee (Subordinate) for such Bond Year, the Repair and Replacement Reserve Fund Requirement for such Bond Year and the Operating Reserve Fund Requirement, if any, and any other information required to be included in the Operating Budget under the Project Management Agreement;

Operating Expenses means, (i) the costs and expenses for or in connection with the operation and maintenance of the Project and the Mortgaged Property as set forth in each Operating Budget (excluding (a) the Annual Institution Fee (Subordinate) other than the portion thereof payable with respect to a prior year that was deferred and is included as an Operating Expense payable under Section 5.05(a) and not 5.05(k), (b) the Annual Managing Agent's Fee (Subordinate) payable under Section 5.05(l), (c) the Repair and Replacement Reserve Fund Requirement and (d) the Operating Reserve Fund Requirement) and (ii) the ongoing costs and expenses related to the Bonds (other than the payment of principal of and interest on the Bonds

and payments on any Interest Rate Exchange Agreements) and the Institution's obligations under the Loan Agreement (other than as provided in Section 10 thereof), and shall include (without limitation) administrative expenses, insurance premiums, auditing and legal expenses relating to the Project, fees of consultants and other professionals, the Annual Administrative Fee, fees, charges and expenses of the Trustee as trustee, bond registrar, tender agent and paying agent for the Bonds, fees of any other paying agent or tender agent for the Bonds, and fees of the Insurer, providers of Liquidity Facilities and Facility Providers;

Operating Fund means the fund so designated, created and established pursuant to Section 5.02 hereof;

Operating Reserve Fund means the fund so designated, created and established pursuant to Section 5.02 hereof;

Operating Reserve Fund Requirement means such amount, of which the Trustee receives written notice from the Institution, as may from time to time be determined pursuant to the Project Management Agreement, and shall initially be \$0;

Option Bond means any Bond which by its terms may 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 thereof, or the maturity of which may be extended by and at the option of the Holder thereof.

Outstanding, with respect to Bonds issued under this Resolution, means, as of a particular date, all Bonds authenticated and delivered hereunder and under any Series Resolution except: (i) any such Bond cancelled by the Trustee at or before such date; (ii) any such Bond deemed to have been paid in accordance with Section 12.01 hereof other than as described in Section 12.01(4); (iii) any such Bond in lieu of or in substitution for which another such Bond shall have been authenticated and delivered pursuant to Article III, Section 4.06 or Section 10.07 hereof; and (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided herein and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond. "Outstanding," with respect to Senior Bonds, shall have the meaning given to such term in the Senior Resolution.

Paying Agent means the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions hereof, or of a Series Resolution, a Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of such Bonds for which such Paying Agent or Paying Agents shall be so appointed;

Permitted Collateral means any of the following:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations;

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

(iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one nationally recognized statistical rating service and (c) is issued by a domestic corporation whose unsecured senior debt is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category; and

(iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by Bests Insurance Guide or a nationally recognized statistical rating service in the highest rating category.

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 of credit, contract, agreement or surety bond issued by it, are rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, and (b) are fully collateralized by Permitted Collateral;

(vi) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one nationally recognized statistical rating service and (c) is issued by a domestic corporation whose unsecured senior debt is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category; and

(vii) Investment Agreements that are fully collateralized by Permitted Collateral.

Project means the “dormitory” as defined in the Act located on the campus of City College of New York, financed in whole or in part from the proceeds of the sale of the Bonds,

as more particularly described in a Series Resolution authorizing the issuance of Bonds in connection with such Project;

Project Management Agreement means the Project Management Agreement, dated as of March 2, 2005, by and among the Institution, the Authority, the Managing Agent, and CUNY providing for the operation and maintenance of the Project as the same may from time to time be amended, supplemented or otherwise modified, or any successor agreement between the Authority, CUNY and other parties (if any) providing for the maintenance of the Project and the determination of the Operating Budget;

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

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as “+” or “-” or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service;

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

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

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

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

Redemption Price means the principal amount of such Bond plus the premium, if any, payable upon redemption thereof pursuant hereto or to the Series Resolution or the Bond Series Certificate;

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

Repair and Replacement Reserve Fund means the fund so designated, created and established pursuant to Section 5.02 hereof;

Repair and Replacement Reserve Fund Requirement means the repair and replacement reserve fund requirement established for each Bond Year in accordance with the Project Management Agreement;

Resolution means this EHS Towers LLC – CUNY Student Housing Project Subordinate Revenue Bond Resolution, as the same may be from time to time amended or

supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions hereof;

Reserve Fund Facility means a surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to Section 5.07 hereof or in accordance with a Supplemental Resolution or the applicable Series Resolution;

Revenue Fund means the fund so designated, created and established pursuant to Section 5.02 hereof;

Revenues means (i) payments under the Loan Agreement, (ii) the Assigned Revenues assigned and to be paid to the Authority or the Trustee pursuant to the Loan Agreement (which assignment is subordinate and subject to the assignment pursuant to the Senior Loan Agreement and application of the Assigned Revenues pursuant to the Senior Resolution), (iii) any payments made by CUNY pursuant to the Support Agreement, and (iv) any other amounts payable to the Authority as a result of the exercise of any of the Authority's rights pursuant to the Loan Agreement or the Mortgage;

S&P means Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, and its successors and assigns;

Securities means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) any bond, debenture, note, or, with the consent of the Insurer preferred stock or other similar obligation of any corporation incorporated in the United States, which security, at the time an investment therein is made or such security is deposited in any fund or account hereunder, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's, "AA" or better by S&P or "AA" by Fitch or is rated with a comparable rating by any other nationally recognized rating service acceptable to the Authority and the Insurer and (v) with the consent of the Insurer, common stock of any corporation incorporated in the United States which, at the time an investment therein is made or such stock is deposited in any fund or account hereunder, is rated "A-" or better by S&P or Moody's, Fitch or whose senior debt, if any, is rated without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's or "AA" or better by S&P or "AA" or better by Fitch or is rated with a comparable rating by any other nationally recognized rating service acceptable to the Authority and the Insurer;

Senior Bonds means any obligations Outstanding under the Senior Resolution.

Senior Loan Agreement means the Loan Agreement, dated as of March 2, 2005, between the Authority and Educational Housing Services, Inc. and assigned to and assumed by the Institution pursuant to the Assignment and Assumption of Loan Agreement, dated as of October 31, 2008, with respect to the Senior Bonds, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

Senior Resolution means the "Educational Housing Services Insured Revenue Bond Resolution" adopted by the members of the Authority on March 2, 2005, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

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

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

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

Standby Purchase Agreement means an agreement by and between the Authority and another person pursuant to which such person is obligated to purchase Option Bonds tendered for purchase.

State means the State of New York;

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

Support Agreement means the Support Agreement, dated as of _____, 2021, between the Authority and CUNY, as the same may from time to time be amended, supplemented or otherwise modified;

Term Bonds means the Bonds so designated in a Series Resolution or a Bond Series Certificate and payable from Sinking Fund Installments; and

Trustee means a bank or trust company appointed as Trustee pursuant to the Bond Series Certificate delivered hereunder and having the duties, responsibilities and rights provided for herein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant hereto.

Valuation Date means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Series Resolution authorizing such Obligation or a Bond Series Certificate on which specific Accreted Values are 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 set forth in the Series Resolution authorizing such Bond or a Bond Series Certificate on which specific Appreciated Values are assigned to such Deferred Income Bond.

Variable Interest Rate means a variable interest rate or rates to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds, the method of computing such variable interest rate is specified in the Series Resolution authorizing such Bonds or a Bond Series Certificate and 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) or a function of such objectively determinable interest rate or rates which may be in effect from time to time or at a particular time or times; provided, however, that such variable interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Series Resolution or a Bond Series Certificate or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or a Bond Series Certificate; and provided that such interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate; *provided, further*, that such Series Resolution or Bond Series Certificate shall also specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

Variable Interest Rate Bond means any Bond which bears a Variable Interest Rate; provided, however, that a Bond shall not be considered to be a Variable Interest Rate Bond during any period that it will bear interest at a fixed rate per annum to and including its stated maturity date.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in the Resolution, refer to the Resolution.

All references to the Trustee and the Paying Agent shall refer to such persons in their respective capacities solely with respect to the Bonds as the same shall be identified in the Bond Series Certificate.

SECTION 1.02. Authority for the Resolution. This Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.03. Resolution and Bonds Constitute a Contract. With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold or own the same from time to time, this 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 made

herein and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds, over any other Bonds except as expressly provided herein or permitted hereby.

SECTION 1.04. Option of Authority to Assign Certain Rights and Remedies to the Trustee. 1. As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds and for the performance of each other obligation of the Authority hereunder, the Authority may grant, pledge and assign to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement, the Support Agreement, the Project Management Agreement, the Ground Lease and the Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under the Loan Agreement, the Support Agreement, the Project Management Agreement, the Ground Lease and the Mortgage, including, without limitation, the immediate and continuing right to receive, enforce and collect all Revenues, insurance proceeds, sales proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under the Loan Agreement, the Project Management Agreement, the Ground Lease, the Support Agreement, and the Mortgage, and the right to make all waivers and agreements in the name and on behalf of the Authority, as agent and attorney-in-fact, and to perform all other necessary and appropriate acts under the Loan Agreement, the Support Agreement, the Project Management Agreement, the Ground Lease and the Mortgage, subject to the following conditions: (a) that the Holders of such Bonds 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 (b) that, unless and until the Trustee shall, in its discretion, when an "Event of Default" (as defined in the Loan Agreement) under such Loan Agreement shall have occurred and shall be continuing, so elect, by instrument in writing delivered to the Authority, CUNY and the Institution (and then only to the extent that the Trustee shall so elect), the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in the Loan Agreement, the Support Agreement, the Project Management Agreement, the Ground Lease or such Mortgage to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision), and until such time the Authority shall remain liable to observe and perform all the conditions and covenants in the Loan Agreement, the Support Agreement, the Project Management Agreement, the Ground Lease and Mortgage to be observed and performed by it; and (c) that no such Mortgage may be assigned by any party thereto without the written consent of the other parties thereto except to such Trustee as permitted hereby, provided, however, that any grant, pledge and assignment of moneys, revenues, accounts, rights or other property of the Institution made with respect to the Loan Agreement, the Support Agreement, the Project Management Agreement, the Ground Lease and such Mortgage pursuant to this paragraph shall secure, in the case of the Loan Agreement, only the payment of the amounts payable under the Loan Agreement and such Mortgage.

2. Upon the failure of CUNY to make a payment as required under the Support Agreement, the Authority shall, upon the request of the Insurer, assign to the Trustee for the benefit of the Bondholders all of its right, title and interest in and to the Mortgage, the

Loan Agreement, the Ground Lease, the Support Agreement, the Project Management Agreement and any related agreements 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 under the Loan Agreement immediately due and payable; provided, however, that the Authority may retain the right to the payment of the fees, costs and expenses of the Authority payable pursuant to the 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 and the Insurer making the request to the Authority to assign said Loan Agreement, Ground Lease, Support Agreement, the Project Management Agreement and Mortgage to the Trustee. The Trustee shall notify the Insurer of such assignment and provide the Insurer with a copy of the documents of assignment. If CUNY cures its failure to make the required payment under the Support Agreement, the Trustee shall, upon the request of the Authority, reassign to the Authority all right, title and interest in and to the Loan Agreement, the Ground Lease, the Support Agreement, the Project Management Agreement, the Mortgage and said related agreements assigned to it pursuant to this paragraph. Any such reassignment shall be made by the execution and delivery to the Authority of documents of reassignment in form and substance reasonably acceptable to the Authority. The Trustee shall notify the Insurer of any such reassignment and provide the Insurer with a copy of the documents of reassignment.

3. Any assignment to the Trustee, for the benefit of the Bondholders, of the Authority's right, title and interest in and to the Ground Lease and the Project Management Agreement may not occur prior to an assignment to the Trustee under the Senior Resolution and the assignment under this Resolution shall be subordinate to one under the Senior Resolution.

4. In the event the Authority grants, pledges and assigns to the Trustee any of its rights as provided in subdivision 1 or 2 of this Section, the Trustee shall accept such grant, pledge and assignment, which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee.

5. In the event the Authority assigns to the Trustee any of its rights as provided in subdivision 2 of this Section, the Trustee shall follow the instructions of the Insurers in exercising any rights so assigned so long as no Insurer Default has occurred and is continuing.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF A SERIES OF BONDS

SECTION 2.01. Authorization of Bonds. There are hereby authorized Bonds of the Authority to be issued as hereinafter provided. The Bonds shall be special obligations of the Authority payable solely from the Revenues pledged for the payment thereof and all funds and accounts (excluding the Arbitrage Rebate Fund) authorized by the Resolution, all in the manner more particularly provided herein. The aggregate principal amount of Bonds which may be executed, authenticated and delivered is not limited except as provided hereby.

The Bonds of the Authority shall not be a debt of the State, nor shall the State be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Authority hereby respectively pledged to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest thereon.

The Bonds may, if and when authorized by the Authority pursuant hereto and to one or more Series Resolutions, be issued in one or more Series and the Bonds of each Series shall contain an appropriate Series designation.

Nothing contained herein shall be deemed to preclude or restrict the consolidation pursuant to a Series Resolution of any Bonds of any two or more separate Series authorized pursuant hereto and to any such Series Resolution to be issued pursuant to any of the provisions of Sections 2.03 and 2.04 hereof into a single Series of Bonds for purposes of sale and issuance; provided that each of the tests, conditions and other requirements contained in Sections 2.02, 2.03 and 2.04 hereof as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in this Section or in such Series Resolution, such a consolidated Series shall be treated as a single Series of Bonds for all purposes hereof.

SECTION 2.02. Provisions for Issuance of Bonds. The Bonds authorized to be issued shall be executed in accordance with Section 3.03 hereof and delivered to the Trustee. Such Bonds shall be authenticated by the Trustee from time to time and in such amounts as directed by the Authority and by it delivered to or upon the order of the Authority upon receipt of the consideration therefor and upon delivery to the Trustee of:

- (i) A copy of the Resolution and the Series Resolution authorizing such Bonds, certified by the Authority;
- (ii) A copy of the Loan Agreement, the Ground Lease, the Mortgage, the Support Agreement and the Project Management Agreement certified by the Authority;
- (iii) A copy of the Bond Series Certificate executed in connection with the Bonds;
- (iv) A written executed order as to the delivery of the Bonds, describing the Bonds to be delivered, designating the purchaser or purchasers to whom the Bonds are to be delivered and stating the consideration for the Bonds;

(v) A certificate of the Authority stating the amount required to be in the Debt Service Reserve Fund after issuance of the Bonds, and that after deposit in the Debt Service Reserve Fund of the amount, if any, to be deposited therein in connection with the issuance of the Bonds, the amount on deposit in such fund will not be less than the amount then required to be therein;

(vi) Except in the case of Refunding Bonds, a certificate of the Authority stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution;

(vii) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Institution stating that such Institution is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution;

(viii) If applicable, a municipal bond insurance policy issued by an Insurer in connection with all or a portion of the Bonds, in form and substance satisfactory to the Authority and, if the Bonds are Option Bonds, a Liquidity Facility therefor; and

(ix) An opinion of Bond Counsel to the effect that the Resolution and the Series Resolution authorizing the Bonds have been duly and lawfully adopted by the members of the Authority, that the Resolution and the Series Resolution are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their respective terms; that the Resolution creates a valid pledge and a valid lien upon the Revenues which it purports to create, subject only to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution and each Series Resolution; and that the Authority is duly authorized and entitled to issue the Bonds and, upon the execution and delivery thereof and upon authentication by the Trustee, such Bonds will be duly and validly issued and will constitute a valid and binding special obligations of the Authority entitled to the benefits of the Resolution; provided, however, that such opinion may be qualified to the extent that enforceability of rights and remedies may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' right generally or as to the availability of any particular remedy.

SECTION 2.03. Series Resolutions. Each Series Resolution authorizing the issuance of a Series of Bonds shall specify, or delegate to an Authorized Officer of the Authority the power to determine and carry out, the following:

(a) The sale of the Bonds of such Series at public or private sale; the approval of the terms of and publication of an official statement or other offering document describing the Bonds of such Series and, if such Bonds are to be sold at public sale, publication of a notice of sale; and the execution of a contract or contracts of purchase at public or private sale on behalf of the Authority;

(b) The authorized principal amount of such Series of Bonds;

(c) The purpose or purposes for which such Series of Bonds is being issued, which shall be limited to (i) payment of the Costs of the Project, (ii) payment of the Costs of Issuance of such Series of Bonds, (iii) making a deposit to the Debt Service Reserve Fund, the Repair and Replacement Reserve Fund and/or the Operating Reserve Fund, (iv) funding or refunding of Bonds, which may include interest thereon, (v) funding or refunding of notes or bonds of the Authority, which may include interest thereon, all or a portion of the proceeds of which were applied to making a loan to the Institution, and (vi) exchanging Bonds of such Series for bonds, notes or other evidences of indebtedness of the Institution or otherwise refunding or refinancing such indebtedness;

(d) The Project in connection with which the Bonds of such Series are being issued and the principal amount of such Bonds in connection with such Project;

(e) Whether such Bonds shall be Variable Interest Rate Bonds or Option Bonds;

(f) The date or dates, the maturity date or dates and principal amounts of each maturity of the Bonds of such Series, the amount and date of each Sinking Fund Installment, if any, and which Bonds of such Series are Serial Bonds or Term Bonds, if any, and the Record Date or Record Dates of the Bonds of such Series for which the Record Date or Record Dates is other than the fifteenth (15th) day of the calendar month next preceding an interest payment date for such Bonds;

(g) The interest rate or rates, if any, of the Bonds of such Series or the manner of determining such rate or rates, the date from which interest on the Bonds of such Series shall accrue, the interest payment dates, the first date on which interest on the Bonds of such Series shall be payable, and in the case of Variable Interest Rate Bonds, the Minimum Interest Rate and the Maximum Interest Rate;

(h) In the case of Capital Appreciation Bonds, the Valuation Dates and the Accredited Value on each Valuation Date and in the case of Deferred Income Bonds, the Interest Commencement Date, the Valuation Dates prior thereto and the Appreciated Value on each Valuation Date;

(i) The denomination or denominations of and the manner of numbering and lettering the Bonds of such Series;

(j) The Paying Agent or Paying Agents for such Bonds and, subject to the provisions of Section 3.01 hereof, the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds of such Series; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution adopted prior to authentication and delivery of such Series of Bonds in accordance with the provisions of Section 8.02 hereof;

(k) The Redemption Price or Redemption Prices, if any, and, subject to Article IV hereof, the redemption and purchase terms, if any, for the Bonds of such Series;

(l) Provisions for the sale or exchange of the Bonds of such Series and for the delivery thereof;

(m) The form of the Bonds of such Series and the form of the Trustee's certificate of authentication thereon, and whether any Bonds of such Series are to be issued as Book Entry Bonds and the Depository therefor;

(n) The Trustee for the Bonds (but such determination shall only be made in the Series Resolution for the initial Series of Bonds issued hereunder);

(o) If the Bonds of such Series are to be exchanged for bonds, notes or other evidences of indebtedness of the Institution, the provisions regarding such exchange;

(p) Directions for the application of the proceeds of the Bonds of such Series;

(q) For all Bonds other than those denoted as federally taxable, covenants as shall be necessary to maintain the exclusion of interest on such Bonds from gross income for federal income tax purposes;

(r) The provisions relating to Variable Interest Rate Bonds, Deferred Income Bonds, Capital Appreciation Bonds or Option Bonds, if any;

(s) If applicable, the provisions relating to a municipal bond insurance policy for all or a portion of the Bonds and a Liquidity Facility for any Option Bonds, which may provide that the providers thereof shall have all or any of the rights and remedies of the Holders of the Bonds to which the insurance policy or Liquidity Facility relates and that the related reimbursement obligations shall have all or any of the payment, security and other rights applicable to the Bonds to which such reimbursement obligations relate, whether or not this Resolution specifically makes such provision;

(t) The Debt Service Reserve Fund Requirement for the Bonds of a Series; and

(u) Any other provisions deemed advisable by an Authorized Officer of the Authority, not in conflict with the provisions hereof or of any Series Resolution.

An Authorized Officer to whom a Series Resolution has delegated the power to determine any of the foregoing shall execute a Bond Series Certificate evidencing such determinations or other actions taken pursuant to such delegation, and such Bond Series Certificate shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein.

SECTION 2.04. Refunding Bonds. All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds, a portion of Outstanding Bonds, a portion of a maturity of Outstanding Bonds or all or any portion of outstanding bonds or other obligations issued by the Authority. The Authority by resolution of its members may issue Refunding Bonds in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Section or by the provisions of the series resolution authorizing the bonds or other obligations issued by the Authority, as the case may be.

(i) With respect to Refunding Bonds issued to refund all or any portion of any Outstanding 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 Section 2.02 hereof) 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 make due publication of the notice provided for in Section 12.01 hereof to the Holders of the Bonds being refunded;

(c) Either or both of (1) moneys in an amount sufficient to effect payment of the principal at the maturity date therefor or the Redemption Price on the applicable redemption date of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded and (2) 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 provisions of said Section 12.01 hereof, which Defeasance Securities and moneys shall be held in trust and used only as provided in said Section; and

(d) A certificate of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements of this Section.

(ii) With respect to the Refunding Bonds issued to refund all or any portion of any bonds or other obligations issued by the Authority, the proceeds, including accrued interest, shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided or as determined in accordance with a Series Resolution authorizing such bonds or other obligations.

SECTION 2.05. 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, other than the Senior Resolution, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, entitled to a charge or lien or right prior or equal to the charge or lien created hereby, or prior or equal to the rights of the Authority and Holders of Bonds provided hereby or with respect to the moneys pledged hereunder (other than respect to Senior Bonds Outstanding under the Senior Resolution).

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01. Place and Medium of Payment. The Bonds shall be payable, with respect to interest, principal, Sinking Fund Installments and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Except as provided in an applicable Series Resolution, in a Bond Series Certificate, or in Section 4.06 hereof, principal, Sinking Fund Installments and Redemption Price of the Bonds shall be payable at the principal corporate trust office of the Trustee. Interest on Bonds shall be paid by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, not less than five (5) days prior to the Record Date for such Bonds, directed the Trustee to wire such interest payment. For purposes of this Section, interest is payable to the registered owner of a Bond at the close of business on the Record Date for such Bond.

All payments of principal, Sinking Fund Installments or Redemption Price of or interest on Bonds shall specify the CUSIP number or numbers of the Bonds in connection with which such payment is made.

The Bonds shall be issued in the form of fully registered Bonds without coupons.

The Bonds issued prior to the first interest payment date thereof shall be dated as of the date specified pursuant to this Resolution. Bonds issued on or subsequent to the first interest payment date thereof shall be dated as of the interest payment date immediately preceding the date of authentication thereof by the Trustee, unless such date of authentication shall be an interest payment date, in which case they shall be dated as of such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, the Bonds issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. The Bonds shall bear interest from their date.

For all purposes of the Act relating to or dealing with the date of the Bonds, such Bonds shall be deemed to be dated as of the date provided for the Bonds in the manner provided in the Bond Series Certificate.

All Bonds shall mature such date as is specified in a Bond Series Certificate. Interest on Bonds of each Series shall be payable on the dates provided for in the applicable Series Resolution.

SECTION 3.02. Legends; CUSIP Numbers. The Bonds may contain, or have endorsed thereon, such provisions, specifications and descriptive words not inconsistent herewith, as may be necessary or desirable and as may be determined by the Authority prior to their delivery.

The Authority shall provide for the assignment of CUSIP numbers for such Bonds and to have such CUSIP numbers printed thereon, and the Trustee shall use such CUSIP numbers in notices of redemption and on all checks payable to Bondholders as a convenience to

Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such number either as printed on such Bonds or as contained in any notice of redemption, and that an error in a CUSIP number as printed on such Bond or as contained in any notice of redemption shall not affect the validity of the proceedings for redemption.

SECTION 3.03. Execution and Authentication. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman, Vice Chairman or other Authorized Officer and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of the Secretary, an Assistant Secretary or other Authorized Officer of the Authority, or in such other manner as may be permitted by law. In case any one or more of the officers or employees who shall have signed or sealed any of such Bonds shall cease to be such officer or employee before such Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds may, nevertheless, be delivered as provided herein, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or be employed by, the Authority, although at the date of such Bonds such persons may not have been so authorized or have held such office or employment.

The Bonds shall bear thereon a certificate of authentication, in the form set forth in the Series Resolution or the Bond Series Certificate, executed manually by the Trustee unless the Series Resolution or Bond Series Certificate shall authorize execution by the Trustee by facsimile signature. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no such Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits hereof.

SECTION 3.04. Negotiability, Transfer and Registry. All Bonds issued hereunder shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained herein and in such Bonds. So long as any of the Bonds shall not have matured or been called for redemption, the Authority shall maintain and keep, at the principal corporate trust office of the Trustee, books for the registration and transfer of the Bonds; and, upon presentation for such purpose at said office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds have not matured or been called for redemption, the Authority shall make all necessary provisions to permit the exchange of the Bonds at the principal corporate trust office of the Trustee. Upon the occurrence of an event of default with respect to any Bonds hereunder which would require an Insurer to make payment under its policy of municipal bond insurance issued with respect to the Bonds, the Insurer and its designated agents shall be provided with access to the registration books of the Authority with respect to the Bonds maintained pursuant to this Section.

SECTION 3.05. Transfer of Bonds. Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the principal corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney and the payment of a charge sufficient to reimburse the Authority or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. Upon the transfer of any Bond, the Authority shall cause to be issued in the name of the transferee a new Bond or Bonds of the same tenor, aggregate principal amount and maturity as the surrendered Bond.

The Authority and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Sinking Fund Installments, if any, or Redemption Price of the Bond and, subject to the provisions of Section 3.01 hereof with respect to Record Dates, interest on the Bond and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. The Authority agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Resolution, in so treating such registered owner.

SECTION 3.06. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver the Bonds in accordance with the provisions hereof. All such Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of such Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid, by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provisions hereof, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Authority or the Trustee incurred in connection therewith, shall be paid by the person requesting such exchange or transfer. The Authority shall not be obliged to make any exchange or transfer of Bonds during the period beginning on the Record Date for such Bonds next preceding an interest payment date on such Bonds and ending on such interest payment date, or, in the case of any proposed redemption of the Bonds, after the date next preceding the date of the selection of such Bonds to be redeemed.

SECTION 3.07. Bonds Mutilated, Destroyed, Lost or Stolen. In case any Bond shall become mutilated or be destroyed, lost or stolen, the Authority in its discretion may execute, and upon its request the Trustee shall authenticate and deliver, a new Bond of like tenor, maturity and principal amount as such Bond so mutilated, destroyed, lost or stolen, in exchange and substitution for the mutilated, destroyed, lost or stolen Bond, upon surrender and

cancellation of such mutilated Bond or in lieu of and substitution for such Bond so destroyed, lost or stolen, upon filing with the Authority evidence satisfactory to the Authority and the Trustee that such Bond has been destroyed, lost or stolen and proof of ownership thereof, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee may prescribe and paying such expenses as the Authority and the Trustee may incur in connection therewith. All such Bonds so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Authority. In case any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Authority may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Authority and to the Trustee such security or indemnity as they may require to save them harmless, and evidence to the satisfaction of the Authority and Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

SECTION 3.08. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds are prepared, the Authority may execute, in the same manner as is provided in Section 3.03 hereof, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in authorized denominations or any whole multiples thereof authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to such temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender at the principal corporate trust office of the Trustee of such temporary Bonds, for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the principal corporate trust office of the Trustee, definitive Bonds of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant hereto. All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

SECTION 3.09. Book Entry Bonds. Anything herein to the contrary notwithstanding, Bonds may be issued in book-entry or uncertificated form pursuant to and as shall be described in any Series Resolution or Bond Series Certificate.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Authorization of Redemption. Bonds subject to redemption prior to maturity pursuant hereto or to a Series Resolution or a Bond Series Certificate shall be redeemable, in accordance with this Article IV, at such times, at such Redemption Prices and upon such terms as may otherwise be specified herein or in the Series Resolution or in the Bond Series Certificate.

SECTION 4.02. Redemption at the Election of the Authority. In the case of any redemption of Bonds other than as provided in Section 4.03 hereof, the Bonds may be redeemed at the option of the Authority as provided in this Resolution, the Series Resolution or the Bond Series Certificate. In exercising such option, the Authority shall give written notice to the Trustee, each Facility Provider and the Insurer of its election to redeem, including the designation, the principal amounts and the maturities of such Bonds so elected. The designation, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained herein. Such notice shall be given to the Trustee, each Facility Provider and the Insurer at least forty-five (45) days prior to the date on which the Bonds are to be redeemed, or such fewer number of days as shall be acceptable to the Trustee. Except if otherwise provided in a Series Resolution or a Bond Series Certificate, the notice of redemption required by Section 4.05 hereof to be given shall not be given with respect to such Bonds to be redeemed pursuant to this Section unless prior to the date such notice is to be given the Authority shall have paid or caused to be paid to the Trustee an amount of money which, in addition to other money available therefor held by the Trustee, is sufficient to redeem, on the redemption date at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed unless the notice of redemption expressly provides that the redemption is conditional upon money being available on the redemption date for payment of the Redemption Price.

SECTION 4.03. Redemption other than at Authority's Election. Whenever by the terms hereof the Trustee is required or authorized to redeem Bonds from Sinking Fund Installments, the Trustee shall select the Bonds to be redeemed. Whenever by the terms hereof the Trustee is required or authorized to redeem Bonds other than pursuant to Section 4.02 hereof and other than through Sinking Fund redemption, the Authority shall select the maturities of the Bonds to be redeemed by notice thereof given to such Trustee at least ten (10) days prior to the date notice of redemption is mailed. The Trustee shall select the Bonds to be redeemed in the manner provided in Section 4.04 hereof, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, together with interest accrued to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV.

SECTION 4.04. 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, in the event of redemption of less than all of the Outstanding Bonds of the same Series and maturity, the Trustee shall assign to each such Outstanding Bond 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 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 are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds are authorized to be issued, by the numbers assigned thereto as in this Section 4.04 provided) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers portions to such Bonds and select part of any such Bond for redemption.

For purposes of this Section 4.04, 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 Income Commencement Date authorized for such Bonds.

SECTION 4.05. Notice of Redemption. Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of such Bonds in the name of the Authority, which notice shall be given by first-class mail, postage prepaid to the registered owners of Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books of the Authority, not more than ten (10) Business Days prior to the date such notice is given, in each case at least thirty (30) days (or in the case of Variable Interest Rate Bonds, at least fifteen (15) days) but not more than forty-five (45) days prior to the redemption date or such other number of days as may be specified in a Series Resolution. A copy of such notice shall also be given to the Insurer. The Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to such Bondholders, and such certificate shall be conclusive evidence that such notice was given in the manner required hereby. The failure of any such owner to receive notice shall not affect the validity of the proceedings for the redemption of Bonds with respect to which notice has been given in accordance with this Section 4.05. Such notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with Section 2.01 hereof, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) of each such Bond, the principal amount thereof to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (ix) if the Authority's obligation to redeem Bonds is subject to one or more conditions, a statement to that effect that

describes the condition or conditions 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 to the redemption date, and that from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. If directed in writing by the Authority, the Trustee shall also publish or cause to be published such notice in an Authorized Newspaper and such publication shall be not less than thirty (30) days (or in the case of Variable Interest Rate Bonds, fifteen(15) days) nor more than forty-five (45) days prior to the redemption date (or such other number of days as may be specified in a Series Resolution), but such publication shall not be a condition precedent to such redemption and failure to so publish or any defect in such notice or publication shall not affect the validity of the proceedings for the redemption of Bonds.

SECTION 4.06. Payment of Redeemed Bonds. Notice having been mailed in the manner provided in Section 4.05 hereof, 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 thereof at the office or offices specified in such notice, together with, in the case of such Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or such owner's duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. The Redemption Price shall be paid to 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, not later than upon presentation and surrender of the Bond to be redeemed 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 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 or the principal amount of such Bond so surrendered, Bonds of like maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, and the conditions, if any, to such redemption shall have been satisfied or waived by the Authority, then, from and after the redemption date, interest on such Bonds or portion thereof so called for redemption shall cease to accrue and such Bonds will no longer be considered to be Outstanding under this Resolution. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 4.07. Purchase in Lieu of Redemption. Unless otherwise provided in a Series Resolution, whenever Bonds are subject to redemption, they may instead be purchased at the election of the Institution at a purchase price equal to the Redemption Price. The Institution shall give written notice thereof and of the Bonds of the Series and maturity to be so purchased to the Authority, the Trustee, each Insurer and each Facility Provider. The Trustee shall select the particular Bonds of such Series and maturity to be so purchased in the same manner as provided in Section 4.04 hereof for the selection of Bonds to be redeemed in part.

Promptly thereafter, the Trustee shall give notice of the purchase of the such Bonds at the times and in the manner provided in Section 4.05 hereof for notice of redemption. 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, each Insurer and each Facility Provider. All such purchases may be subject to conditions to the Institution's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, 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 such 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. No purchased Bond shall be considered to be no longer outstanding by virtue of its purchase and each such purchased Bond that is not a Bond Entry Bond shall be registered in the name or at the direction of the Institution.

ARTICLE V

PLEDGE OF REVENUES; FUNDS; REVENUES AND APPLICATION THEREOF

SECTION 5.01. Pledge of Revenues. The proceeds from the sale of the Bonds, the Revenues, the security interest in the Assigned Revenues granted by the Institution to the Authority in the Loan Agreement and all funds authorized and established hereby, other than an Arbitrage Rebate Fund, are hereby, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority hereunder, all in accordance with the provisions hereof. The pledge made hereby is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, the right of the Authority to receive payments under the Loan Agreement that are to be deposited with the Trustee, the security interest in the Assigned Revenues and all funds and accounts established hereby which are pledged hereby 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 shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Bonds, the Revenues, the right of the Authority to receive payments under the Loan Agreement that are to be deposited with the Trustee, the security interest in the Assigned Revenues and the funds established hereby (other than the Arbitrage Fund), which pledge shall constitute a first lien thereon, except that the lien on the Assigned Revenues is subordinate to the lien thereon granted by the Senior Resolution and the security interest in the Assigned Revenues granted by the Institution under the Loan Agreement is subordinate to the security interest in the Assigned Revenues granted by the Institution under the Senior Loan Agreement.

SECTION 5.02. Establishment of Funds. The following funds are authorized to be established, held and maintained by the Trustee under the Resolution separate from any other funds established and maintained pursuant to any other Resolution:

- Revenue Fund;
- Construction Fund;
- Debt Service Fund;
- Debt Service Reserve Fund;
- Operating Fund;
- Repair and Replacement Reserve Fund;
- Operating Reserve Fund;
- Arbitrage Rebate Fund

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with the Series Resolution or the Bond Series Certificate or as provided herein. All amounts received by the Trustee from CUNY pursuant to the Support Agreement shall be deposited by the Trustee in separate accounts established in the Operating

Fund, Arbitrage Rebate Fund, Debt Service Fund and Debt Service Reserve Fund, as applicable. All moneys at any time deposited in any fund created hereby, other than the Arbitrage Rebate Fund, shall be held in trust for the benefit of the Holders of the Bonds, but shall nevertheless be disbursed, allocated and applied solely in connection with the Bonds for the uses and purposes provided herein; provided, however that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the applicable Series Certificate 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 hereby for the payment of the purchase price of such Option Bonds.

SECTION 5.03. Application of Bond Proceeds and Allocation Thereof. Upon the receipt of proceeds from the sale of the Bonds, the Authority shall apply such proceeds as specified herein or in the Bond Series Certificate.

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

SECTION 5.04. Application of Moneys in the Construction Fund. 1. For purposes of internal accounting, an account in the Construction Fund may contain one or more subaccounts, as the Authority or the Trustee may deem necessary or desirable. As soon as practicable after the delivery of the Bonds, the Trustee shall deposit in the appropriate account in the Construction Fund the amount required to be deposited therein pursuant to the Loan Agreement, the Series Resolution or the Bond Series Certificate. In addition, the Authority shall remit to the Trustee and the Trustee shall deposit in the appropriate account in the Construction Fund any moneys paid or instruments payable to the Authority derived from insurance proceeds or condemnation awards from the Project.

2. Except as otherwise provided in this Article V and in a Series Resolution or a Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance of the Bonds and the Costs of the Project.

3. Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for Costs of each Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, substantiated by a certificate filed with the Authority signed by an Authorized Officer of the Institution and approved by or on behalf of the Insurer, naming the Project in connection with which payment is to be made and describing in reasonable detail the purpose and the amount of each payment, and further stating that such purpose constitutes a necessary part of the Costs of such 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 Debt Service Fund.

4. Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the Institution with respect to the Project or the Mortgaged Property shall be deposited in the appropriate account in the Construction Fund and, if necessary, such fund may be re-established for such purpose and if not used to repair, restore or replace such Project, transferred to the Debt Service Fund for the redemption of the Bonds in accordance with Section 24(b) of the Loan Agreement.

5. A Project shall be deemed to be complete upon delivery to the Trustee of a certificate signed by an Authorized Officer of the Institution and approved by or on behalf of the Insurer, 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 of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that such Project has been completed substantially in accordance with the plans and specifications for such Project and that such Project is ready for occupancy and shall specify the date of completion.

Upon receipt by the Trustee of the certificate required pursuant to this subdivision, the moneys, if any, then remaining in the Construction Fund, after making provision in accordance with the direction of the Authority for the payment of any Costs of Issuance of the Bonds and Costs of a Project then unpaid, shall be deposited by the Trustee into the Revenue Fund.

SECTION 5.05. Revenue Fund and Application of Revenues. 1. The Revenues (other than the payments made under the Support Agreement) and any other moneys which, by any of the provisions of the Loan Agreement are to be paid to the Trustee, shall, upon receipt by the Trustee, be deposited to the Revenue Fund. The Trustee shall transfer amounts from the Revenue Fund at the times and in the order of priority as follows. The Trustee shall deposit amounts paid to it by CUNY under the Support Agreement directly into the Operating Fund, the Arbitrage Rebate Fund, the Debt Service Fund and the Debt Service Reserve Fund, as applicable. If the amount at any time is insufficient to make the deposits to any Fund required to be made pursuant to paragraphs (a)-(i) below (including amounts provided under the Support Agreement for deposit to such Funds), the amount to be deposited in such Fund on the succeeding transfer date shall be increased by the amount of such deficiency:

(a) Commencing when there are no Senior Bonds Outstanding, on or before the 20th day of each month, there shall be transferred to the Operating Fund an amount equal to the Operating Expenses (other than the Annual Administrative Fee) for the next ensuing month as set forth in the Operating Budget;

(b) Commencing when there are no Senior Bonds Outstanding on the date specified by the Authority, there shall be transferred to the Operating Fund the amount specified in writing by the Authority as having been determined in accordance with the Project Management Agreement as required to pay Operating Expenses not included in the transfers made pursuant to Section 5.05(1)(a);

(c) On the date specified by the Authority, there shall be transferred to the Arbitrage Rebate Fund the amount specified by the Authority;

(d) (i) While Senior Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to the interest payable on the Bonds on all interest payment dates during the succeeding twelve months or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by the Authority to be payable on such interest payment dates and (ii) commencing when there are no Senior Bonds Outstanding, on or before the 20th day of the month preceding each interest payment date, there shall be transferred to the Debt Service Fund an amount equal to the interest payable on the Bonds on such interest payment date or, in the case of Variable Interest Rate Bonds, an amount equal to the interest estimated by the Authority to be payable on such interest payment date;

(e) (i) While Senior Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to the principal amount payable on the Bonds on the next ensuing August 1 and (ii) commencing when there are no Senior Bonds Outstanding, on or before each January 20, there shall be transferred to the Debt Service Fund an amount equal to one-half (1/2) of the principal amount payable on the Bonds on the next ensuing August 1, whether by maturity or mandatory sinking fund redemption and on or before each July 20 there shall be transferred to the Debt Service Fund the amount necessary to cause the amount on deposit in the Debt Service Fund to be sufficient to pay such principal amount on August 1;

(f) (i) While Senior Bonds are Outstanding, on or before each July 20, there shall be transferred to the Debt Service Fund an amount equal to what is payable by the Institution for the succeeding twelve months under any Interest Rate Exchange Agreement as directed in writing by the Institution, and (ii) commencing when there are no Senior Bonds Outstanding, on or before the 20th day of the month preceding each date on which amounts are payable under an Interest Rate Exchange Agreement, there shall be transferred to the Debt Service Fund such amount payable by the Institution under any Interest Rate Exchange Agreement as directed in writing by the Institution;

(g) (i) While Senior Bonds are Outstanding, on or before each July 20, and (ii) commencing when there are no Senior Bonds Outstanding, on or before each January 20 and July 20, there shall be transferred to the Debt Service Reserve Fund an amount necessary in order to maintain on deposit therein the Debt Service Reserve Fund Requirement for the Bonds or to reimburse pro rata any Facility Provider for any amounts drawn on a Reserve Fund Facility deposited in the Debt Service Reserve Fund;

(h) Commencing when there are no Senior Bonds Outstanding, on or before each January 20 and July 20, there shall be transferred to the Repair and Replacement Reserve Fund an amount equal to one-half (1/2) of the Repair and Replacement Reserve Fund Requirement for such Bond Year plus an amount equal to any prior withdrawals from such Fund pursuant to Section 5.11(2) which have not been previously replenished;

(i) (i) While Senior Bonds are Outstanding, on or before each July 20, an amount equal to the Annual Administrative Fee payable under the Loan Agreement shall be transferred to the Operating Fund and (ii) commencing when there are no Senior Bonds Outstanding, on or before each January 20 and July 20, an amount equal to one-half of the Annual Administrative Fee payable under the Loan Agreement shall be transferred to the Operating Fund;

(j) [Reserved];

(k) Subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Institution Fee (Subordinate);

(l) Subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Fund an amount equal to the Annual Managing Agent's Fee (Subordinate);

(m) (i) While Senior Bonds are Outstanding, subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Reserve Fund held under the Senior Resolution an amount equal to the difference between the amount on deposit therein and the Operating Reserve Fund Requirement and (ii) commencing when there are no Senior Bonds Outstanding, subsequent to August 1 but prior to August 20 of each year, there shall be transferred to the Operating Reserve Fund an amount equal to the difference between the amount on deposit therein and the Operating Reserve Fund Requirement.

Subsequent to August 1 but prior to August 20 of each year, after making the above transfers the Trustee shall, at the written direction of the Authority (i) transfer amounts remaining on deposit in the Revenue Fund to the Debt Service Fund for redemption of Bonds then subject to redemption with such amounts, (ii) pay all or a portion of the amounts remaining to CUNY for use for purposes related to the Project, (iii) while Senior Bonds are Outstanding, transfer all or a portion of such amounts to the Operating Reserve Fund held under the Senior Resolution, and commencing when there are no Senior Bonds Outstanding transfer all or a portion of such amounts to the Operating Reserve Fund or (iv) retain all or a portion of such amounts in the Revenue Fund.

If amounts on deposit in the Revenue Fund are insufficient to make all of the transfers required by paragraph (a)-(m) above, the Trustee shall, within the same day, notify the Authority, CUNY, the Insurer and the Institution.

SECTION 5.06. Debt Service Fund. 1. The Trustee shall deposit to the credit of the appropriate account of the Debt Service Fund all amounts transferred from the Revenue Fund.

2. The Trustee shall on or before the Business Day preceding each interest payment date pay from the appropriate account of the Debt Service Fund, to itself and any other Paying Agent:

(a) the interest due on all Outstanding Bonds on such interest payment date;

(b) the principal amount due on all Outstanding Bonds on such interest payment date;

(c) the Sinking Fund Installments, if any, due on all Outstanding Bonds on such interest payment date; and

(d) moneys required for the redemption of Bonds in accordance with Section 5.09 hereof.

3. As directed in writing by the Institution, the Trustee shall also pay from the appropriate account of the Debt Service Fund to the provider of an Interest Rate Exchange Agreement any amount due thereunder.

4. The amounts paid out pursuant to this Section shall be irrevocably pledged to and applied to such payments.

5. In the event that on the second Business Day preceding any interest payment date the amount in the appropriate account of the Debt Service Fund shall be less than the amounts, respectively, required or estimated to be required for payment of interest on the Outstanding Bonds, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw first from the Revenue Fund, second from the Operating Reserve Fund, third from the Repair and Replacement Reserve Fund and fourth from the Debt Service Reserve Fund and deposit to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Insurer, the Institution, CUNY and each Facility Provider of a withdrawal from the Revenue Fund, the Operating Reserve Fund, the Repair and Replacement Reserve Fund and the Debt Service Reserve Fund.

6. The Authority may, at any time subsequent to August 1 of any Bond Year but in no event less than forty-five (45) days prior to the succeeding August 1 on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any such Term Bond so purchased and any Term Bond purchased by the Institution and delivered to the Trustee in accordance with the Loan Agreement shall be cancelled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of such Term Bond so cancelled shall be credited against the Sinking Fund Installment due on such first day of July; provided that such Term Bond is cancelled by the Trustee prior to the date on which notice of redemption is given.

SECTION 5.07. Debt Service Reserve Fund. 1. (a) The Trustee shall deposit to the credit of the appropriate account in the Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as shall be prescribed in the Resolution or the Bond Series Certificate,

and any moneys, Government Obligations and Exempt Obligations as are delivered to the Trustee by the Institution for the purposes of the Debt Service Reserve Fund.

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

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

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the unsecured or uncollateralized long term debt of the Facility Provider thereof or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of such Facility Provider is reduced below the ratings required by the second preceding paragraph, the Authority shall, unless at the time such ratings are reduced the Facility Provider is the Insurer of all Outstanding Bonds, either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the second preceding paragraph or (ii) deposit or cause to be deposited in the Debt Service Reserve Fund an amount of moneys, Government Obligations or

Exempt Obligations which meet the requirements of subsection (a) of Section 6.02 hereof which is equal to the value of the Reserve Fund Facility, such deposits to be, as nearly as practicable, in ten (10) equal semi-annual installments commencing on the earlier of the July 1 or January 1 next succeeding the reduction in said ratings.

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

For the purposes of this section and Section 5.13 hereof, in computing the amount on deposit in a Debt Service Reserve Fund, a letter of credit, a surety bond or an insurance policy shall be valued at the amount available to be drawn or payable thereunder on the date of computation.

2. Moneys held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and applied to the payment of interest, principal and Sinking Fund Installments at the times and in the amounts required to comply with the provisions of subdivision 5 of Section 5.06 hereof; provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund pursuant to this subdivision can not be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom the Trustee shall obtain payment under each such Reserve Fund Facility pro rata based upon the respective amounts then available to be paid thereunder.

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

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

4. If, upon a valuation, the value of all moneys, Government Obligations, Exempt Obligations and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall, within the same day, notify the Authority, the Insurer, each Facility Provider, CUNY and the Institution of such deficiency.

SECTION 5.08. Operating Fund. 1. On the first Business Day of each month, the Trustee shall transfer from the Operating Fund to the Operating Account all amounts then

on deposit in the Operating Fund that were transferred thereto pursuant to Section 5.05(1)(a) and (i).

2. The Trustee shall transfer to the Operating Account the amounts on deposit in the Operating Fund that were transferred thereto pursuant to Section 5.05(1)(b). Such transfer to the Operating Account shall occur at any time pursuant to a requisition signed by an Authorized Officer of the Authority stating that such amount represents Operating Expenses not included in the transfers made pursuant to Section 5.05(1)(a) determined pursuant to the Project Management Agreement and certified as such by the Managing Agent and approved by CUNY.

3. Subsequent to August 1 but prior to August 20 of each year, the Trustee shall transfer from the Operating Fund to the Operating Account an amount equal to the Annual Institution's Fee and the Annual Management Agent's Fee certified by CUNY or, if the amount on deposit in the Operating Fund is less than such fees, all amounts on deposit in the Operating Fund shall be so transferred.

4. If the amount on deposit in the Operating Fund is less than the amount required to be transferred therefrom, the Trustee shall withdraw first from the Revenue Fund, second from the Operating Reserve Fund and third from the Repair and Replacement Reserve Fund such amounts as will increase the amount in the Operating Fund to an amount sufficient to make such transfers and shall deposit such amount in the Operating Fund.

SECTION 5.09. Application of Moneys in the Debt Service Fund for Redemption of Bonds. 1. Moneys delivered to the Trustee, which by the provisions of the Loan Agreement or this Resolution are to be applied for redemption of the Bonds, shall upon receipt by the Trustee be deposited to the credit of the appropriate account in the Debt Service Fund for such purpose.

2. In the event that on any interest payment date the amount in the Debt Service Fund, exclusive of amounts therein deposited for the redemption of Bonds, shall be less than the amounts respectively required for payment of interest on Outstanding Bonds, for the payment of principal of such Outstanding Bonds or for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date, the Trustee shall, after the withdrawal made pursuant to subdivision 5 of Section 5.06 hereof, apply moneys in the Debt Service Fund deposited therein for the redemption of such Bonds (other than moneys required to pay the Redemption Price of any such Outstanding Bonds theretofore called for redemption or to pay the purchase price of Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) in the following order of priority: first, to pay interest on such Bonds, and second, to pay principal of or Sinking Fund Installments of such Bonds.

3. Subject to the provisions of subdivision 2 of this Section, moneys in the Debt Service Fund to be used for redemption of Bonds shall be applied by the Trustee to the purchase of Outstanding Bonds at purchase prices not exceeding the Redemption Price on the next interest payment date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Authority shall direct.

4. Notwithstanding the provisions of subdivision 3 of this Section, if the moneys in the Debt Service Fund at any time (other than such moneys required to pay the Redemption Price of any Outstanding Bonds theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) is sufficient to make provision pursuant to subdivision 2 of Section 12.01 hereof for the payment of such Outstanding Bonds at the maturity or redemption date thereof, the Authority may request the Trustee to take such action consistent with subdivision 2 of Section 12.01 hereof as is required thereby to deem certain of such Bonds to have been paid within the meaning of Section 12.01 hereof. The Trustee, upon receipt of such request, the irrevocable instructions required by subdivision 2 of Section 12.01 hereof and irrevocable instructions of the Authority to purchase direct obligations of the United States of America sufficient to make any deposit required thereby, shall comply with such request.

SECTION 5.10. Arbitrage Rebate Fund. The Trustee shall deposit to the appropriate account in the Arbitrage Rebate Fund any moneys delivered to it for deposit therein and, notwithstanding any other provisions of this Article V, shall transfer to the Arbitrage Rebate Fund, in accordance with the written directions of the Authority, moneys on deposit in any other funds held by such Trustee hereunder at such times and in such amounts as shall be set forth in such directions.

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the written direction of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which the Authority determines to be in excess of the amount required to be so rebated shall be deposited to the Revenue Fund in accordance with the written directions of the Authority.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to the Bonds and direct the Trustee to (i) transfer from any other of the funds held by the Trustee hereunder and deposit to the Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States or America the amount, if any, required by the Code to be rebated thereto.

SECTION 5.11. Repair and Replacement Reserve Fund.

1. The amount on deposit in the Repair and Replacement Reserve Fund shall be applied to defray the costs, other than of ordinary maintenance and repair, of renewing, repairing, replacing, renovating and improving the Project and its equipment and to the renewal, replacement and repair of damaged property of the Project. Amounts on deposit in the Repair and Replacement Reserve Fund may also be used to pay Costs of the Project in addition to amounts on deposit in the Construction Fund. Any payment from the Repair and Replacement Reserve Fund 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 or the Managing Agent (pursuant to the Project Management Agreement) naming the Project in connection with which payment is to be made and describing in reasonable detail the purpose and the amount of each payment.

2. In the event that on the second Business Day preceding any interest payment date and after any withdrawal from the Revenue Fund and the Operating Reserve Fund made pursuant to subdivision 5 of Section 5.06 hereof the amount in the Debt Service Fund shall be less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of Outstanding Bonds due and payable on such interest payment date, together with the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Repair and Replacement Reserve Fund and deposit to the Debt Service Fund such amount as will increase the amount therein to an amount sufficient to make such payments.

3. Amounts on deposit in the Repair and Replacement Reserve Fund shall also be transferred to the Operating Fund in accordance with Section 5.08(4).

4. At the written direction of the Authority, amounts in the Repair and Replacement Reserve Fund that have been determined in accordance with the Project Management Agreement to be in excess of the amount necessary to be on deposit therein shall be transferred to the Revenue Fund.

SECTION 5.12. Operating Reserve Fund. 1. Amounts on deposit in the Operating Reserve Fund shall be transferred to the Operating Fund in accordance with Section 5.08(4).

2. In the event that on the second Business Day preceding any interest payment date and after any withdrawal from the Revenue Fund made pursuant to subdivision 5 of Section 5.06 hereof the amount in the Debt Service Fund shall be less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of Outstanding Bonds due and payable on such interest payment date, together with the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Operating Reserve Fund and deposit to the Debt Service Fund such amount as will increase the amount therein to an amount sufficient to make such payments.

3. Any amounts in the Operating Reserve Fund in excess of the Operating Reserve Fund Requirement shall be transferred to the Revenue Fund in accordance with the written direction of the Authority.

SECTION 5.13. Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions hereof, if, upon the computation of assets of the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund, pursuant to Section 5.07 hereof, the amounts held in the appropriate accounts in the Revenue Fund, the Debt

Service Fund and the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds be redeemable, the Trustee shall so notify the Authority, CUNY, the Insurer and the Institution. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds as provided in Article IV hereof.

SECTION 5.14. Transfer of Investments. Whenever moneys in any fund established hereunder are to be paid in accordance herewith to another such fund, such payment may be made, in whole or in part, by transferring to such other fund investments held as part of the fund from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made, provided that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

SECTION 5.15. Computation of Assets in Debt Service Reserve Fund. The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Institution or CUNY, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to Sections 5.05(g), 5.06, 5.07 or 5.13 hereof, shall compute the value of the assets in the Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority, CUNY and the Institution as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement.

ARTICLE VI

SECURITY FOR DEPOSITS AND INVESTMENTS OF FUNDS

SECTION 6.01. Security for Deposits. All moneys held hereunder 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 moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to Section 5.06 or Section 12.01 hereof and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on the Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions hereof as an investment of such moneys.

SECTION 6.02. Investment of Funds and Accounts. (a) Moneys held hereunder in any fund or account established hereby or by or pursuant to a Series Resolution, if permitted by law, shall, as nearly as may be practicable, be invested in Government Obligations, Federal Agency Obligations, Exempt Obligations, and, if not inconsistent with the investment guidelines of a Rating Service applicable to funds held hereunder, any other Permitted Investment; provided, however, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes hereof; 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. Moneys held hereunder by the Trustee shall be invested by the Trustee upon the direction of an Authorized Officer of the Authority given or confirmed in writing, which direction shall specify the amount to be so invested.

(b) Permitted Investments purchased or other investments made as an investment of moneys in any fund or account held under the provisions hereof shall be deemed at all times to be a part of such fund or account and losses suffered by a fund or account due to the investment thereof shall be charged to such fund or account. The income or interest earned on or profits on investments of any fund shall be transferred to the Revenue Fund except that the income or interest earned or profits on investments in the Construction Fund shall be retained therein.

(c) In computing the amount in any fund or account held by the Trustee under the provisions hereof, each Permitted Investment shall be valued at the market value thereof, plus accrued interest.

(d) Notwithstanding anything to the contrary herein, 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 hereto and the proceeds thereof may be reinvested as provided in this Section. Except as otherwise provided herein, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant hereto whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority, 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 hereunder and of the details of all investments held for the credit of each fund and account in its custody under the provisions hereof as of the end of the preceding month and as to whether such investments comply with the provisions of paragraphs (a) and (b) of this Section. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

(e) No part of the proceeds of any Series of Bonds or any other moneys 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 6.03. Liability for Investments. Neither the Authority nor any Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of this Article VI, in the manner provided in this Article VI, for any depreciation in value of any obligation, or for any loss, direct or indirect, resulting from any investment.

ARTICLE VII

PARTICULAR COVENANTS

The Authority covenants and agrees with the Holders of Bonds as follows:

SECTION 7.01. Payment of Principal and Interest. The Authority shall pay or cause to be paid the principal, Sinking Fund installments, if any, and Redemption Price of and interest on every Bond on the date and at the places and in the manner provided in such Bonds according to the true intent and meaning thereof.

SECTION 7.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of such Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefit hereof or of any Series Resolution or to any payment out of any assets of the Authority of the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant hereto and to any Series Resolution) held by the Trustee, except subject to the prior payment of the principal of all Outstanding Bonds the maturity of which has not been extended and of such portion of the interest on such Bonds as shall not be represented by such claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds as permitted hereby and by the Act and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds refunded.

SECTION 7.03. Powers as to Bonds and Pledge. The Authority is duly authorized under the Act and all applicable laws to create and issue Bonds, to adopt this Resolution and each Series Resolution and to pledge and assign the proceeds from the sale of such Bonds, the Revenues and all funds established hereby and by any Series Resolution which are pledged hereby and by any Series Resolution in the manner and to the extent provided herein. The Authority further covenants that the proceeds from the sale of the Bonds, the Revenues and all funds established hereby and by any Series Resolution are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created hereby, other than with respect to Senior Bonds Outstanding under the Senior Resolution, and that all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority further represents that the Bonds and the provisions hereof and of each Series Resolution are and shall be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms hereof. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and all funds established hereby and by any Series Resolution which are pledged hereby and all of the rights of the Holders of the Bonds under the Resolution and each Series Resolution against all claims and demands of all persons whomsoever.

SECTION 7.04. 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 and the Revenues hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

SECTION 7.05. Accounts and Reports. The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of CUNY, the Trustee, the Insurers or 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 Facility Provider, each Insurer and CUNY. 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 hereof and of each Series Resolution; a statement of the Revenues collected in connection herewith 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 7.06. Creation of Liens. Other than with respect to Senior Bonds Outstanding under the Senior Resolution, the Authority shall not create or cause to be created any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of such Bonds, the Revenues pledged for the Bonds, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee or the funds established hereby or by any Series Resolution which are pledged hereby; provided, however, that nothing contained herein shall prevent the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created hereby; provided further, however, that nothing contained herein shall prevent the Authority from granting to a Facility Provider or a provider of an Interest Rate Exchange Agreement, a charge or lien on the property pledged pursuant to this Resolution so long as such charge or lien is not prior to the charge or lien created hereby. The Authority shall not issue any additional Senior Bonds under the Senior Resolution.

SECTION 7.07. Enforcement of Duties and Obligations of the Institution and CUNY. 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 such Institution required by the Loan Agreement in the manner and at the times provided in such Loan Agreement provided, however, that the Authority may delay, defer or waive enforcement of one or more provisions of said Loan Agreement (other than provisions requiring the payment of moneys or the delivery of Securities to the Trustee for deposit to any fund or account established hereunder) if the Authority determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds. The Authority shall take all legally available action to cause CUNY to perform fully all duties and acts and comply fully with the covenants of CUNY required by the Support Agreement in the manner and at the times provided in the Support

Agreement provided, however, that the Authority may delay, defer or waive enforcement of one or more provisions of said Support Agreement (other than provisions requiring the payment of moneys or the delivery of Securities to the Trustee for deposit to any fund or account established hereunder) if the Authority determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds.

SECTION 7.08. Deposit of Certain Moneys in the Construction Fund. In addition to the proceeds of Bonds to be deposited in the Construction Fund, any moneys paid or letter of credit or other security payable to the Authority for the acquisition, construction, reconstruction, renovation or equipment of a Project and any moneys received in respect of damage to or condemnation of such Project shall be deposited in the Construction Fund.

SECTION 7.09. 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. The Authority may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with Section 8.02 hereof, designate an additional Paying Agent or Paying Agents where Bonds authorized thereby or referred to therein may be presented for payment. The Authority shall at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is hereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of such Bonds. The provisions of this Section shall be subject to the provisions of Section 3.01 hereof.

SECTION 7.10. Filings of Financing Statements. The Authority shall file in the appropriate offices all financing statements which are necessary to perfect the security interests granted to the Authority under the Loan Agreement and to the Trustee hereunder.

SECTION 7.11. Amendment of Loan Agreement and the Support Agreement. Neither the Loan Agreement nor the Support Agreement may be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of the Outstanding Bonds without the prior written consent of CUNY and of the Insurers of at least a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the Insurer or the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; provided, further, that no such amendment, change, modification, alteration or termination will: (i) reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or (ii) decrease the amount of any payment required to be made by the Institution under the Loan Agreement or the amount payable by CUNY under the Support Agreement (other than amounts solely for the benefit of the Authority or the Trustee) or extend the time of payment thereof. Except as otherwise provided in this Section, the Loan Agreement and the Support Agreement may be amended, changed, on any date or, modified or altered with the consent of CUNY but without the consent of the Insurers, the Holders of Outstanding Bonds or the Trustee. Specifically, and without limiting the generality of the foregoing, the Loan Agreement and the Support Agreement may be amended, changed, modified or altered without the consent of the

Insurers, the Trustee and the Holders of Outstanding Bonds to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, the providing, furnishing and equipping of any facilities constituting a part of the Project or which may be added to such Project, in connection with the issuance of Bonds, in connection with the assignment by the Institution pursuant to Section 12 of the Loan Agreement and to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement or the Support Agreement which may be defective or inconsistent with any other provisions contained herein or in such Loan Agreement or the Support Agreement. Upon execution by the Authority of any amendment, a copy thereof certified by the Authority shall be filed with the Insurers and the Trustee.

For the purposes of this Section, the Bonds shall be deemed to be adversely affected by an amendment, change, modification or alteration of the Loan Agreement or the Support Agreement if the same adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds would be adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.

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

SECTION 7.12. Notice as to Event of Default Under Loan Agreement, the Ground Lease or Support Agreement. The Authority shall notify the Insurer, CUNY and the Trustee in writing that an “Event of Default,” as such term is defined in such Loan Agreement, the Ground Lease, or the Support Agreement as the case may be, has occurred and is continuing, which notice shall be given within five (5) days after the Authority has obtained actual knowledge thereof.

SECTION 7.13. Tax Exemption; Rebates. Unless otherwise provided in a Series Resolution, in order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds, the Authority shall comply with the provisions of the Code applicable to the Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of the Bonds, reporting of earnings on the Gross Proceeds of the Bonds, and rebates of Excess Earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the tax compliance certificate as to compliance with the Code with respect to the Bonds, to be delivered by Bond Counsel at the time the Bonds are issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

Unless otherwise provided in a Series Resolution, the Authority shall not take any action or fail to take any action, which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

SECTION 7.14. General. The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions hereof in accordance with the terms of such provisions.

Upon the date of issuance of the Bonds, all conditions, acts and things required by the statutes of the State and hereby to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issuance of such Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the State.

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ARTICLE VIII

CONCERNING THE TRUSTEE

SECTION 8.01. Appointment and Acceptance of Trustee. The Authority, prior to the delivery of Bonds, shall appoint a Trustee by or in the manner provided in this Resolution or in the Bond Series Certificate. The Trustee shall also serve as Paying Agent. The Trustee shall signify its acceptance of the duties and obligations of Trustee and Paying Agent imposed upon it hereby by written instrument or acceptance delivered to the Authority.

SECTION 8.02. Appointment and Acceptance of Paying Agents. In addition to the Trustee who shall also serve as Paying Agent, the Authority may appoint one or more Paying Agents for the Bonds in the authorizing of such Bonds or shall appoint such Paying Agent or Paying Agents by resolution of the Authority adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 8.13 hereof for the appointment of a successor Paying Agent. Each such Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereby by written instrument of acceptance deposited with the Authority and the Trustee.

SECTION 8.03. Responsibilities of Trustee and Paying Agents. The recitals of fact contained herein and in each Series Resolution and in the Bonds shall be taken as the statements of the Authority and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent makes any representations as to the validity or sufficiency hereof, of any Series Resolution or of any Bonds, or in respect of the security afforded hereby, or by each Series Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to: (i) the issuance of such Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee or Paying Agent; or (iii) the application of any moneys paid to the Authority or others in accordance herewith and with each Series Resolution except as to the application of any moneys paid to it in its capacity as Trustee or Paying Agent. Neither the Trustee nor any such Paying Agent shall be liable in connection with the performance of its duties hereunder and under each Series Resolution except for its own negligence or willful misconduct.

The duties and obligations of the Trustee and any Paying Agent shall be determined by the express provisions hereof and neither the Trustee nor any Paying Agent shall be liable except for the performance of such duties and obligations as are specifically set forth herein.

The Trustee shall not be deemed to have notice of an event of default hereunder, other than an event of default under Section 11.02(a) or Section 11.02(b) hereof, unless it has received actual written notice and the Trustee shall assume such event of default shall be continuing until it has received actual written notice to the contrary.

Neither the Trustee nor any Paying Agent shall be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or

powers conferred upon it hereby or by any Series Resolution. Except as otherwise expressly provided hereunder, the Trustee shall not be required to give or furnish any notice, demand, report, reply, statement advice or opinion to the Authority, the Institution or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless obligated or required to do so by express provisions hereof. In acting or omitting to act pursuant to any Loan Agreement or Mortgage, the Trustee shall be entitled to all of the rights and immunities accorded to it under this Resolution, including but not limited to this Article VIII. The Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Bonds or for compliance with securities laws in connection with the issuance and sale of the Bonds. The Trustee shall have no responsibility with respect to compliance by the Authority or any Institution with Section 148 of the code or any covenant in this Resolution, any Series Resolution or any Loan Agreement regarding yields on investments.

SECTION 8.04. Property Held in Trust. All moneys and Securities conveyed to or held by the Trustee, except for amounts held in the Arbitrage Rebate Fund, at any time pursuant to the terms hereof and of each Series Resolution shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions hereof and of each Series Resolution.

The Trustee shall hold all moneys in the Arbitrage Rebate Fund as the agent of the Authority and shall not disburse amounts therefrom except pursuant to the written instructions of the Authority.

SECTION 8.05. Evidence on Which Fiduciaries May Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it in good faith to be genuine, and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder and under any Series Resolution, such matter (unless other evidence in respect thereof be specifically prescribed hereby) may be deemed to be conclusively proved and established by a certificate of the Authority or, with the permission of the Authority, signed by an Authorized Officer of the Institution. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof and of the Series Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein and in each Series Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof and of any Series Resolution by the Authority to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer.

SECTION 8.06. Compensation. Unless otherwise provided by contract with the Trustee or any Paying Agent, the Authority shall pay to the Trustee and to each Paying Agent, from time to time, reasonable compensation for all services rendered by it hereunder and under the Series Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties hereunder and under the Series Resolution and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at anytime held by it hereunder and under the Series Resolution (other than the Arbitrage Rebate Fund) prior to any of the Bonds for which such services have been rendered. The Authority shall indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and under the Series Resolution, the Loan Agreement and Mortgage and which are not due to its negligence or willful misconduct. None of the provisions contained herein or in any Series Resolution shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any or its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it. The Trustee shall not be required to take any action at the request or direction of the Insurer or Facility Provider made or given pursuant to Article XI hereof, unless and until such Insurer or Facility Provider shall have indemnified and saved the Trustee harmless against any liabilities and all reasonable expenses, charges, counsel fees and other disbursements, including those of the Trustee's attorneys, agents and employees, incurred in connection with or as a result of taking the action requested or directed to be taken by such Insurer or Facility Provider.

SECTION 8.07. Permitted Acts. The Trustee and any Paying Agent may become the owner of or may deal in Bonds as fully and with the same rights as if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Authority or any committee formed to protect the rights of Holders of Bonds or to effect or aid in any reorganization growing out of the enforcement hereof or of such Bonds whether or not such committee shall represent the Holders of a majority in principal amount of the Outstanding Bonds in respect of which any such action is taken.

SECTION 8.08. Resignation of Trustee. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder and under each Series Resolution by giving not less than sixty (60) days written notice to the Authority and giving notice thereof, by first class mail postage prepaid to the registered owners of Bonds at their last known address, if any, appearing on the registration books of the Authority, specifying the date when such resignation shall take effect, within ten (10) days after the giving of such written notice to the Authority. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as provided in Section 8.10 hereof, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, that such resignation shall not take effect until a successor Trustee has been appointed and has accepted such appointment pursuant to Section 8.10 hereof. The Authority shall give the Institution, CUNY, the Insurer and each Facility Provider written notice of the resignation of the Trustee.

SECTION 8.09. Removal of Trustee. The Trustee, or any successor thereof, may be removed at any time by the Holders of a majority in principal amount of the Outstanding Bonds, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact duly authorized and delivered to the Authority. The Trustee, or any successor thereof, may also be removed at any time for cause or any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions hereof or of any Series Resolution with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon application by the Authority or the Holders of not less than twenty per centum (20%) in aggregate principal amount of Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority. The Trustee may also be removed at any time, other than during the continuance of an event of default hereunder, by the Authority, by an instrument in writing signed and acknowledged by an Authorized Officer of the Authority. No removal hereunder shall take effect until a successor Trustee has been appointed. A copy of each instrument or order providing for the removal of the Trustee, or any successor thereof, shall be delivered by the Authority to the Trustee or such successor thereof, CUNY, each Facility Provider and each Insurer.

SECTION 8.10. Successor Trustee. In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the Authority shall forthwith appoint a Trustee to act as Trustee and Paying Agent. Copies of any instrument of the Authority providing for any such appointment shall be delivered by the Authority to the Trustee so appointed, the predecessor Trustee, the Insurer, CUNY and the Institution. The Authority shall publish notice of any such appointment at least once in an Authorized Newspaper and shall send notice of such appointment to the registered owners of the Bonds by first class mail, postage prepaid, such mailing and the first publication to be made within twenty (20) days after such appointment.

If no appointment of a successor shall be made within forty-five (45) days after the giving of written notice in accordance with Section 8.08 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, at the Authority's expense, or any Holder of a Bond may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

Any successor appointed under the provisions of this Section shall be a bank located in the State having trust powers or a trust company organized under the laws of the State or national banking association located in the State, in either case having a capital and surplus aggregating at least \$100,000,000, if there be such a bank having trust powers or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required hereby and by each Series Resolution.

SECTION 8.11. Transfer of Rights and Property to Successor Trustee. Any successor appointed under the provisions of Section 8.10 hereof shall execute, acknowledge

and deliver to its predecessor, and also to the Authority, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder and under each Series Resolution, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request by the Authority or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions set forth herein. Should any deed, conveyance or instrument in writing from the Authority be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority.

SECTION 8.12. Merger or Consolidation of the Trustee. Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank having trust powers or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 8.10 hereof, shall be the successor to such Trustee, without any further act, deed or conveyance.

SECTION 8.13. Resignation or Removal of the Paying Agents and Appointment of Successors. Any Paying Agent (other than the Trustee) may at any time resign and be discharged of the duties and obligations created hereby by giving at least sixty (60) days written notice to the Authority and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed on behalf of the Authority. Any successor Paying Agent shall be appointed by the Authority and (subject to the requirements of Section 7.09 hereof) shall be a bank having trust powers or trust company organized under the laws of any state of the United States of America or a national banking association, in either case having a capital and surplus aggregating at least \$100,000,000, and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it hereby.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed. The Authority shall give written notice of the resignation or removal of any Paying Agent of any Bonds to the Institution, CUNY, and the Insurer.

SECTION 8.14. Amortization Schedule. Upon the request of the Authority, CUNY or an Authorized Officer of the Institution, the Trustee shall prepare a schedule setting forth as at the date of such schedule the principal amount of Outstanding Bonds, the dates on which the principal and Sinking Fund Installments, if any, of and interest on, all Outstanding

Bonds are payable, the amount payable on each such date for the principal and Sinking Fund Installments, if any, of and interest on Outstanding Bonds.

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ARTICLE IX

SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

SECTION 9.01. Modification and Amendment Without Consent.

Notwithstanding any other provisions of this Article IX or Article X hereof, 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 the Authority:

(a) To provide for the issuance of a Series of Bonds pursuant to the provisions hereof 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 herein;

(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 hereof, 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 herein;

(e) To confirm, as further assurance, any pledge hereunder, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other moneys, Securities or funds;

(f) To modify any of the provisions hereof in any other respects, provided that such modifications shall not be effective until after all Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(g) To modify the provisions of Section 6.02(a) hereof in any respect, provided that such modification shall not permit the investment of moneys in the Debt Service Fund in any manner inconsistent with the provisions of Section 6.02(a) hereof and shall not result in the reduction by a Rating Service of the ratings assigned thereby to any of the Outstanding Bonds; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision herein or to insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable, provided that any such modifications

are not contrary to or inconsistent herewith as theretofore in effect, or to modify any of the provisions hereof or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Holders of Bonds or the Insurer in any material respect.

The Authority shall give the Insurer notice of each such Supplemental Resolution adopted pursuant to this Section 9.01 amending this Resolution.

SECTION 9.02. Supplemental Resolutions Effective With Consent of Bondholders. The provisions hereof may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Insurer and Bondholders in accordance with and subject to the provisions of Article X hereof, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by the Authority.

SECTION 9.03. 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 this Article IX and Article X hereof. Nothing contained in this Article IX or Article X hereof 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 Section 7.04 hereof or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere herein provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the members of the Authority, when filed with the Trustee thereunder, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution and Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions hereof, is authorized or permitted hereby and is valid and binding upon the Authority and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions hereof 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 hereof.

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

ARTICLE X

AMENDMENTS OF RESOLUTION

SECTION 10.01. Powers of Amendment. Any modification or amendment hereof and of the rights and obligations of the Authority which shall be deemed to affect the Bonds and of the Holders of the Bonds hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 10.02 hereof, (i) of the Insurer of at least a majority in principal amount of the Outstanding Bonds at the time such consent is given and the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the consent of at least a majority in principal amount of the Bonds of each Series so affected or (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Insurer of the Bonds so affected and the Holders of at least a majority in principal amount of the Bonds, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any maturity remain Outstanding, the consent of the Insurer and the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Insurer and the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, the Bonds shall be deemed to be affected by a modification or amendment hereof if the same adversely affects or diminishes the rights of the Insurer or the Holders of Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all Holders of 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 Series or maturity would be so affected by any such modification or amendment hereof.

SECTION 10.02. Consent of Bondholders. The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 10.01 hereof to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Insurer and the Holders of the Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed or caused to be mailed by the Trustee at the direction of the Authority to the Insurer and such Bondholders (but failure to mail such copy to any particular Bondholder shall not affect the validity of such Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consent of the Insurer and of the Holders of the percentages of Outstanding Bonds specified in Section 10.01 hereof 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 hereof, is authorized or permitted hereby, and is valid and binding upon the Authority and enforceable in accordance with its terms. 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 Section 13.01 hereof. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 13.01 hereof shall be conclusive proof that the consents have been given by the Insurer and the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by the Insurer or a Holder of Bonds shall be binding upon the Insurer or such Bondholder giving such consent and, anything in Section 13.01 hereof to the contrary notwithstanding, upon any such subsequent Insurer or Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Insurer or Holder thereof has notice thereof), unless such consent is revoked in writing by the Insurer or such Bondholder giving such consent or such subsequent Insurer or Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee. At any time after the Insurer and such Holders of the required percentages of Bonds shall have filed their consents to such Supplemental Resolution, the Trustee shall make and file with the Authority a written statement that the Insurer and such Holders have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that such 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 Insurer and Holders of the required percentages of Bonds and will be effective as provided in this Section, shall be given to the Insurer and such Bondholders by the Trustee at the direction of the Authority by mailing or causing the mailing of such notice to the Insurer and the Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). If such notice is published, the Authority shall file with the Trustee proof of the publication thereof, and, if the same shall have been mailed to the Insurer and the Holders of such Bonds, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, the Insurer and the Holders of the Bonds upon the mailing of such last mentioned notice. The Trustee, in determining whether any amendments or supplements to this Resolution may be made without the consent of the Holders of the Bonds, or, in determining whether any other discretionary action should be taken, shall consider the effect of such action on the rights of such Holders as if the policy of municipal bond insurance were not in effect.

For the purposes of this Article X, the purchasers of the Bonds of a Series, whether purchasing in connection with a primary offering or a reoffering of Bonds or as underwriters or remarketing agents, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by Section 10.01 or 10.03 hereof in the manner provided herein, 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 or the reoffering of the Bonds of such Series.

SECTION 10.03. Modifications by Unanimous Consent. The terms and provisions hereof and the rights and obligations of the Authority and of the Holders of the Bonds hereunder may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of such Supplemental Resolution certified by the Authority and the consent of the Insurer and the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 10.02 hereof, except that no notice to such Bondholders either by mailing or publication shall be required.

SECTION 10.04. Consent of Facility Provider. Whenever by the terms of this Article X the consent of any of the Holders of the Bonds to a modification or amendment hereof made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each Facility Provider has been obtained. Any modification or amendment hereof made by a Supplemental Resolution which would expressly affect the rights of a Facility Provider shall not become effective until the written consent of such Facility Provider has been obtained. Notice of the adoption of such Series Resolution or Supplemental Resolutions and of the effectiveness of the modification or amendment made thereby shall be given to each Facility Provider and to Moody's, Fitch and S&P at the times and in the manner provided herein with respect to notices thereof required to be given to the Insurer of the Bonds. Notice thereof shall also be given to Moody's, Fitch and S&P as soon as practicable after adoption of such Supplemental Resolution.

SECTION 10.05. Mailing and Publication. Any provision in this Article X for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at such person's address, if any, appearing upon the registry books of the Authority, (ii) to the Insurer and (iii) to the Trustee.

SECTION 10.06. Exclusion of Bonds. Bonds owned or held by or for the account of the Authority, the Institution or CUNY shall not be deemed Outstanding for the purpose of consent or other action by the Holders provided for herein, and the Authority, the Institution and CUNY shall not be entitled with respect to such Bonds to give any consent or take any other action provided for herein. At the time of any consent or other action taken hereunder, the Authority shall furnish the Trustee a certificate upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 10.07. Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article IX hereof or this Article X provided may, and if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of such Holder's Bond for such purpose at the principal corporate trust office of the Trustee suitable notation shall be made on

such Bond by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as, in the opinion or the Trustee and the Authority, conform to such action shall be prepared and delivered, and upon demand of the Holder of any such Bond then Outstanding shall be exchanged, without cost to such Bondholder, for such Bonds of the same maturity then Outstanding, upon surrender of such Bonds.

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ARTICLE XI

DEFAULTS AND REMEDIES

SECTION 11.01. Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by the Holders of Bonds pursuant to Section 1686 of the Act which are not inconsistent with the provisions of the Resolution and the right of such Holders to appoint a trustee pursuant to Section 1686 of the Act is hereby abrogated in accordance with the provisions of subdivision 4(g) of Section 1682 of the Act.

SECTION 11.02. Events of Default. An event of default shall exist hereunder (herein called "event of default") if:

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

(b) Payment of an installment of interest on any such Bond shall not be made by the Authority when the same shall become due and payable; or

(c) The Authority shall default in the due and punctual performance of the covenants contained in Section 7.13 hereof and, as a result thereof, the interest on any applicable Bonds shall no longer be excludable from gross income under Section 103 of the Code; or

(d) The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the holders of such Bonds contained herein or in the Bonds or in any Series Resolution or 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 the 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 the Insurer of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds; or

(e) An "Event of Default", as defined in the Loan Agreement, shall have occurred and is continuing and all sums payable by the Institution under such Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

SECTION 11.03. Acceleration of Maturity. If no Senior Bonds are Outstanding under the Senior Resolution, or if the principal of all Senior Bonds Outstanding under the Senior Resolution has been declared to be due and payable under the Senior Resolution, then, upon the happening and continuance of any event of default specified in Section 11.02 hereof, other than an event of default specified in paragraph (c) of Section 11.02 hereof, 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 shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be due and payable immediately. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything herein 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 hereunder, the Trustee may with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of such Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent incurred in connection with the Bonds; (iii) all other amounts then payable by the Authority hereunder and under each Series Resolution in connection with the Bonds shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of such covenant, condition or agreement contained herein or in any Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section 11.03) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

An Insurer for a Series of Bonds may exercise the rights for the Holders of such Bonds that it insures, provided there is no current uncured Insurer Default, and requests by insured Bondholders shall be accompanied by the consent of the applicable Insurer.

SECTION 11.04. Enforcement of Remedies. Upon the happening and continuance of any event of default specified in Section 11.02 hereof, then and in every such case, the Trustee may proceed, and upon the written request of the Insurer or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds with the consent of such Insurer, shall proceed (subject to the provisions of Section 8.06 hereof), to protect and enforce its rights and the rights of the Holders of Bonds hereunder 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 hereunder or under any Series Resolution or in aid or execution of any power herein 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. The enforcement of the rights of the Holders hereunder is subject to the rights of the Holders of the Senior Bonds. In the enforcement of any remedy hereunder 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, with interest or overdue payment of the principal of and interest on such Bonds at the rate or rates of interest specified in such Bonds, together with

any and all costs and expenses of collection and of all proceedings hereunder 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 herein, 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 the manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 11.05. Priority of Payments After Default. If at any time the moneys held by the Trustee in the funds and accounts shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of Section 11.03 hereof), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in this Article XI or otherwise, shall be applied (after payment of all amounts owing to the Trustee hereunder) first, to make all payments due under Section 11.05 of the Senior Resolution, and then as follows:

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all of such Bonds due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

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

The provisions of this Section are in all respects subject to the provisions of Section 7.02 hereof.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Holder of Bonds or to any other person for any delay in applying any such moneys so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions hereof as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. Any payment to be made by the Trustee pursuant to this Section on account of the principal or Sinking Fund Installment of or an installment of interest on Bonds theretofore paid by the Insurer, shall be made to such Insurer.

SECTION 11.06. Termination of Proceedings. In case any proceedings taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, the Insurer and the Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 11.07. Bondholders' Direction of Proceedings. Anything herein to the contrary notwithstanding, the Insurer or the Holders of not less than twenty-five percentum (25%) in principal amount of the Outstanding Bonds, with the consent of the Insurer or, in the case of an event of default specified in paragraph (c) of Section 11.02 hereof, the Holders of a majority in principal amount of the Outstanding Bonds with the consent of the Insurer, shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder and under each Series Resolution, provided, such direction shall not be otherwise than in accordance with law or the provisions hereof and of each Series Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

SECTION 11.08. Limitation of Rights of Individual Bondholders. Neither a Holder of any of the Bonds nor the Insurer shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or for any other remedy hereunder unless such Holder or such Insurer 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 Insurer or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, with the consent of each such Insurer, or, in the case of an event of default specified in paragraph (c) of Section 11.02 hereof, the Holders of not less than a majority in principal amount of the Outstanding Bonds with the consent of the

Insurer, 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 hereby 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 hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts hereof or for any other remedy hereunder and thereunder. It is understood and intended that no one or more Insurers or Holders of the Bonds secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided, 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 hereof, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (or Redemption Price, 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 11.09. Actions by Trustee; Possession of Bonds by Trustee Not Required. All rights of action hereunder or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of the Bonds to which such action relates, subject to the provisions hereof.

SECTION 11.10. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee, the Insurer or the Holders of Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 11.11. Waiver and Non-Waiver of Default. No delay or omission of the Trustee, the Insurer or any Holder of Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article XI to the Trustee, the Insurer and the Holders of Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Insurer and the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds or, in the case of a default specified in paragraph (c) of Section 11.02 hereof, the Holders of a majority in principal amount of the Outstanding Bonds, shall waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof or before the completion of the enforcement of any other remedy hereunder; but no such waiver shall extend to or affect any

other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon and no waiver under this Section shall be effective without the express written consent of the Insurer of such Outstanding Bonds.

SECTION 11.12. Notice of Event of Default. The Trustee shall give notice of each event of default hereunder known to the Trustee to any Insurer, CUNY and the Institution within five (5) days after knowledge of the occurrence thereof, as soon as practicable to the Facility Provider and to the Holders of Bonds within thirty (30) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of the principal, Sinking Fund Installments or Redemption Price of, or interest on, any of such Bonds, the Trustee shall be protected in withholding notice thereof to the Holders of such Bonds if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of such Holders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (i) to all registered Holders of Bonds, as the names and addresses of such Holders appear on the books for registration and transfer of bonds as kept by the Trustee, (ii) to any Insurer, (iii) to CUNY, (iv) to the Institution, (v) to any Facility Provider, and (vi) to such other persons as is required by law. Any such notice required to be mailed to Holders of Bonds may, unless one or more Insurers are then the Holders of all Outstanding Bonds, be published by the Trustee in an Authorized Newspaper.

SECTION 11.13. [Reserved.]

SECTION 11.14. Termination of Insurer's Rights. Whenever by the terms of this Resolution or any Series Resolution the consent or approval of the Insurer is required or the Insurer, alone or together with the Holders of Bonds is authorized to request or direct the Trustee to take any action, such consent or approval shall not be required and the Trustee shall not be obligated to comply with such request or direction if an Insurer Default shall then exist and be continuing. Nothing contained herein shall limit or impair the rights of the Holders of Bonds to give any consent or approval or to request or direct the Trustee to take any action and, if an Insurer Default shall then exist and be continuing, such consent or approval shall be effective without the consent or approval of such Insurer otherwise required by this Article XI and the Trustee shall comply with such request or direction notwithstanding that such request or direction is required to be made or given together with such Insurer.

If such Insurer Default shall be cured the Trustee will follow the instructions of the Insurer in accordance with this document. Anything in this Resolution or the Series Resolution to the contrary notwithstanding, any rights of subrogation of the Insurer gained as a result of any payments made pursuant to a municipal bond insurance policy shall continue to exist and be unaffected by any limitations on such rights in this Section 11.14 or elsewhere in the Resolution or in the Series Resolution imposed as a result of an Insurer Default.

ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance. 1. If the Authority shall pay or cause to be paid to the Holders of the Bonds the principal, Sinking Fund Installments, if any, or Redemption Price, if any, thereof and interest thereon, at the times and in the manner stipulated therein, herein and in the Series Resolution and in the Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted hereby to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the written request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or other Securities held by it pursuant hereto and to the Series Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to each Facility Provider which has certified to the Trustee and the Authority that moneys advanced under a Reserve Fund Facility which constitutes any part of the Debt Service Reserve Fund together with any interest thereon, have not been repaid, pro rata, based upon the respective amounts certified by each such Facility Provider; third, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to CUNY. Such Securities so paid or delivered shall be released from any trust, pledge, lien encumbrance or security interest created hereby, or by the Loan Agreement.

2. Bonds for which moneys shall have been set aside, shall be held in trust by the Trustee for the payment or redemption thereof, (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 of this Section. All Outstanding Bonds of any maturity or a portion of a maturity shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 of this Section if (a) 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 publish as provided in Article IV hereof notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities, which Defeasance Securities are not subject to redemption prior to maturity other than at the option of the holder or which have been irrevocably called for redemption on a stated future date, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee for such purpose 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, (c) the Trustee shall have received the consent to each deposit of each Facility Provider which has issued a Reserve Fund Facility which constitutes a part of the Debt Service Reserve Fund and which has given written notice to the Authority that amounts advanced thereunder or the interest thereon have not been paid to such Facility Provider, and (d) in the event such Bonds are not by their terms subject to redemption

within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the holders of said Bonds at their respective last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Authority shall give written notice to the Trustee of its selection of the maturity for which payment shall be made in accordance with this Section. The Trustee shall select which Bonds and which maturity thereof shall be paid in accordance with this Section in the manner provided in Section 4.04 hereof. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; provided that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, at the written direction of the Authority, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be provided, further, that Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, 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 said 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 verification agent verifying the accuracy of the arithmetical computations which establish the adequacy of such moneys and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amount required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the written direction of the Authority; second, to each Facility Provider who has certified to the Trustee and the Authority that moneys advanced under a Reserve Fund Facility issued by it which constitutes any part of the Debt Service Reserve Fund, together with any interest thereon, have not been repaid, pro rata, based upon the respective amounts certified by each such Facility Provider; third, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to CUNY, and any such moneys so

paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created hereby or by such Loan Agreement.

3. Anything herein to the contrary notwithstanding, any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for three (3) years after the date when such moneys become due and payable, upon such Bonds either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, shall at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

4. Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to its municipal bond insurance policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge hereof and all covenants, agreements and other obligations of the Authority to the Bondholders shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Bondholders.

5. Prior to any defeasance becoming effective under this Resolution, the Insurer shall have received from the Authority (a) the final official statement delivered in connection with the refunding of Bonds, if any, (b) a copy of the accountants' verification report, (c) a copy of the escrow deposit agreement or letter of instruction in form and substance acceptable to such Insurer, and (d) a copy of an opinion of Bond Counsel, dated the date of defeasance and addressed to such Insurer, to the effect that such Bonds have been paid within the meaning and with the effect expressed in this Resolution, and that the covenants, agreements and other obligations of the Authority to the Holders of such Bonds have been discharged and satisfied.

6. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any in accordance with the second sentence of paragraph (2) of this Section 12.01, 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 either the Maximum Interest Rate permitted by the terms thereof or the actual rate at which such Bonds will bear interest to their respective dates of maturity or redemption; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount

which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the second sentence of paragraph (2) of this Section 12.01, the Trustee shall, if requested in writing by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created hereby or by the Agreement.

7. Option Bonds shall be deemed to have been paid in accordance with the second sentence of paragraph (2) of this Section 12.01 only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to paragraph (2) of this Section 12.01, the options originally exercisable by the Holder of an option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (7). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested in writing by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created hereby or by the Agreement.

ARTICLE XIII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 13.01. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent or other instrument which the Resolution or any Series Resolution may require or permit to be signed and executed by a Holder or Holders of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Holder or Holders of Bonds in person or by his or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, or the holding or owning by any person of such Bonds, shall be sufficient for any purpose hereof (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

The fact and date of the execution by any Holder or Holders of Bonds or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of any officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

The ownership of Bonds and the amount, numbers and other identification, and date of holding or owning the same shall be proved by the registry books. Any request, consent or vote of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done or omitted to be done by the Authority or the Trustee in accordance therewith.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Preservation and Inspection of Documents. All documents received by the Trustee from the Authority or from Bondholders under the provisions hereof or of any Series Resolution shall be retained in its possession and shall be subject at all reasonable times upon prior written notice to the inspection of the Authority, the Institution, CUNY, the Insurer, each Facility Provider, any Holder of a Bond and their agents and representatives, any of whom may make copies thereof at their expense; provided, however, that with respect to inspection by a Holder of a Bond a written request of such Bondholder must have been received by the Trustee at least five (5) Business Days prior to the date of inspection. At a Facility Provider's expense, the Trustee shall maintain such records as a Facility Provider shall reasonably request with respect to matters relating to such Facility Provider.

SECTION 14.02. Moneys and Funds Held for Particular Bonds. The amounts held by the Trustee or any Paying Agent for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds due on any date with respect to particular Bonds shall, pending such payment, be set aside and held in trust by it for the Holders of such Bonds entitled thereto, and for the purposes hereof such principal, Sinking Fund Installments, if any, or Redemption Price of and interest on such Bonds, due after such date thereof, shall no longer be considered to be unpaid.

SECTION 14.03. Cancellation of Bonds. The Trustee or any Paying Agent shall forthwith cancel all Bonds which have been redeemed or paid by it and may destroy such Bonds and deliver a certificate to that effect to the Authority. No such Bonds shall be deemed Outstanding Bonds hereunder and no Bonds shall be issued in lieu thereof.

SECTION 14.04. No Recourse under Resolution or on the Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on the Bonds or for any claims based thereon, hereon or on the Series Resolution against any member, officer or employee of the Authority or any person executing such Bonds, all such liability, if any, being expressly waived and released by every Holder of a Bond by the acceptance of such Bonds.

SECTION 14.05. Severability of Invalid Provision. If any one or more of the covenants, stipulations, promises, agreements and obligations provided herein on the part of the Authority or the Trustee to be performed should be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements or obligation or obligations shall be null and void, shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions hereof or of the Bonds.

SECTION 14.06. Parties in Interest. Nothing herein or in any Series Resolution, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Authority, the Trustee, the Paying Agents, CUNY, the Insurers, the Facility Providers and the Holders of Bonds any rights, remedies or claims hereunder or by reason hereof or of any Series Resolution or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements herein or in any Series Resolution by or on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent, the Facility Providers, the Insurers and the Holders from time to time of the Bonds and CUNY to the extent of any rights expressly given to CUNY hereunder.

SECTION 14.07. Actions by the Authority. Any time the Authority is permitted or directed to act pursuant to this Resolution or a Series Resolution, such action may be taken by an Authorized Officer of the Authority except that the following actions may only be taken by resolution of the members of the Authority: authorization and issuance of bonds; adoption of resolutions; modifications and amendments pursuant to Articles IX and X herein. Any certificates of the Authority to be delivered hereunder shall be executed by an Authorized Officer.

SECTION 14.08. Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds.

(a) For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in Section 11.03 hereof or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant hereto for any purpose whatsoever, the then current Accreted Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision hereof, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to Section 11.03 hereof, the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued shall be deemed not to be accrued and unpaid interest thereon.

(b) For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in Section 11.03 of the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision hereof, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any

Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred Income Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to Section 11.03 hereof, the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

SECTION 14.09. Insurer as Holder. If provided in or authorized by the Series Resolution authorizing issuance of a Series of Bonds, the Authority may provide for the rights of the Insurer in connection with Bonds of such Series, which rights may include that, whenever by the terms of the Resolution the Holders of any percentage in principal amount of Outstanding Bonds may exercise any right or power, consent to any amendment, change, modification or waiver, or request or direct the Trustee to take an action, the Insurer may be deemed to be the Holder of such Bonds.

SECTION 14.10. Notices. Except as otherwise provided herein, any notices, directions or other instruments required to be given or delivered pursuant hereto or to any Series Resolution shall be in writing and shall be delivered by hand against the written receipt therefor or sent by registered or certified mail addressed: in the case of the Authority, to it to the attention of the Authority's Executive Director with a copy to the Authority's General Counsel, at 515 Broadway, Albany, New York 12207; in the case of the Trustee, addressed to it at the principal corporate trust office of the Trustee at the address of such principal corporate trust office or as otherwise designated in writing by the Trustee; in the case of the Institution, addressed to it as specified in the Loan Agreement; in the case of CUNY to it at 535 East 80th Street, New York, New York 10021 to the attention of its General Counsel, and in the case of an Insurer, to it to the attention of [NAME][ADDRESS]; or, in each case, to such other individual and at such other address as the person to be notified shall have specified by notice to the other persons.

SECTION 14.11. Other Resolutions. The Authority expressly reserves the right to adopt one or more other bond resolutions and to issue bonds, bond anticipation notes, notes and other obligations thereunder without compliance with the provisions hereof.

SECTION 14.12. Survival of Particular Covenants. The obligation of the Authority to comply with the provisions of Section 7.13 hereof with respect to the rebate to the Department of the Treasury of the United States of America of any Excess Earnings relating to the Bonds shall remain in full force and effect so long as the Authority shall be required by the Code to rebate such Excess Earnings notwithstanding that Bonds are no longer Outstanding.

SECTION 14.13. Headings. Any headings preceding the text of several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part hereof nor shall they affect its meaning, construction or effect.

SECTION 14.14. Governing Laws. The Resolution shall be governed by and construed in accordance with the laws of the State.

SECTION 14.15. Effective Date. The Resolution shall take effect immediately upon its adoption.

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