

NEW ISSUE



\$146,645,000	
DORMITORY AUTHORITY OF THE STATE OF NEW YORK FORDHAM UNIVERSITY REVENUE BONDS, SERIES 2011	
Consisting of:	
\$96,645,000	\$50,000,000
Fordham University Revenue Bonds, Series 2011A	Fordham University Revenue Bonds, Series 2011B
Dated: Date of Delivery	Due: July 1, as shown on the inside cover

Payment and Security: The Fordham University Revenue Bonds, Series 2011A (the "Series 2011A Bonds") and the Fordham University Revenue Bonds, Series 2011B (the "Series 2011B Bonds" and, together with the Series 2011A Bonds, the "Series 2011 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of February 23, 2011, between Fordham University (the "University") and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) authorized under the Authority's Fordham University Revenue Bond Resolution, adopted March 26, 2008 (the "Resolution") and established under the Series Resolution authorizing the Series 2011A Bonds, adopted February 23, 2011 (the "Series 2011A Resolution"), and the Series Resolution authorizing the Series 2011B Bonds, adopted February 23, 2011 (the "Series 2011B Resolution" and, together with the Series 2011A Resolution, the "Series 2011 Resolutions"). The Series 2011 Resolutions and the Resolution are collectively referred to herein as the "Resolutions."

The Loan Agreement is a general obligation of the University and requires the University to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, and Redemption Price and Purchase Price of and interest on the Series 2011 Bonds. The obligations of the University under the Loan Agreement to make such payments are secured by a pledge of certain revenues of the University. Such pledge is subordinate to the Prior Pledges.

The Series 2011 Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2011 Bonds. The Authority has no taxing power.

Description: The Series 2011 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2011A Bonds will bear interest at the rates shown on the inside cover hereof, payable on July 1, 2011 and on each January 1 and July 1 thereafter. The Series 2011B Bonds will be issued as Variable Interest Rate Bonds and Option Bonds. For the period commencing on the date of initial delivery, the Series 2011B Bonds will bear interest at a Term Rate for the initial Term Rate Period, payable on July 1, 2011 and on each January 1 and July 1 thereafter to July 1, 2016. The Series 2011B Bonds are subject to mandatory tender on July 1, 2016. Subsequent to the initial Term Rate Period, the Series 2011B Bonds may be remarketed in the Term Rate Mode or another Rate Mode as described in the Bond Series Certificate relating to the Series 2011B Bonds. The descriptions of the Series 2011B Bonds and the related documents included herein relate only to the terms and provisions which are applicable while the Series 2011B Bonds bear interest at a Term Rate for the initial Term Rate Period.

The principal, Sinking Fund Installments, if any, Redemption Price and Purchase Price of the Series 2011 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2011 Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2011 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2011 Bonds, payments of the principal, Sinking Fund Installments, if any, Redemption Price and Purchase Price of and interest on such Series 2011 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2011 BONDS - Book-Entry Only System" herein.

Redemption or Purchase: *The Series 2011 Bonds are subject to redemption and purchase in lieu of optional redemption prior to maturity as more fully described herein.*

Tax Exemption: In the opinion of each of Squire, Sanders & Dempsey (US) LLP and KnoxSeaton, Co-Bond Counsel, (i) under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Series 2011 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "PART 10 - TAX MATTERS" herein.

The Series 2011 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2011 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire, Sanders & Dempsey (US) LLP, New York, New York, and KnoxSeaton, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its counsel, Cullen and Dykman LLP, Garden City, New York, and by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP, New York, New York. The Authority expects to deliver the Series 2011 Bonds in definitive form in New York, New York, on or about April 28, 2011.

J.P. Morgan		
BofA Merrill Lynch Piper Jaffray & Co.	Fidelity Capital Markets	M.R. Beal & Company RBC Capital Markets

\$96,645,000
Fordham University
Revenue Bonds, Series 2011A
Dated: Date of Delivery

Interest Payment Dates: Each January 1 and July 1 (commencing July 1, 2011)

\$68,720,000 Serial Bonds

<u>Due</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number</u> ⁽¹⁾	<u>Due</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number</u> ⁽¹⁾
2015	\$2,320,000	3.000%	2.300%	649906CE2	2024	\$4,170,000	4.625%	4.790%	649906CP7
2016	2,390,000	4.000	2.690	649906CF9	2025	4,360,000	5.250	4.820 ⁽²⁾	649906CQ5
2017	2,990,000	5.000	3.070	649906CG7	2026	4,590,000	5.250	4.960 ⁽²⁾	649906CR3
2018	3,140,000	4.000	3.450	649906CH5	2027	4,830,000	5.000	5.050	649906CS1
2019	3,265,000	5.000	3.790	649906CJ1	2028	5,070,000	5.000	5.100	649906CT9
2020	3,430,000	5.000	4.080	649906CK8	2029	5,325,000	5.125	5.190	649906CU6
2021	3,600,000	5.000	4.280	649906CL6	2030	5,600,000	5.200	5.250	649906CV4
2022	3,780,000	5.000	4.450 ⁽²⁾	649906CM4	2031	5,890,000	5.250	5.300	649906CW2
2023	3,970,000	5.000	4.650 ⁽²⁾	649906CN2					

\$27,925,000 5.500% Term Bonds Due July 1, 2036, Yield 5.530% CUSIP Number⁽¹⁾ 649906CX0

\$50,000,000
Fordham University
Revenue Bonds, Series 2011B
Dated: Date of Delivery

Interest Payment Dates: Each January 1 and July 1 (commencing July 1, 2011)

Variable Interest Rate Bonds – Term Rate Mode

5.000% due July 1, 2041, with a Mandatory Tender Date of July 1, 2016, Yield 3.000%⁽³⁾ CUSIP Number⁽¹⁾ 649906CY8

⁽¹⁾ CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2011 Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2011 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2011 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2011 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2011 Bonds.

⁽²⁾ Priced at the stated yield to the July 1, 2021 optional redemption date at a redemption price of 100% of the principal amount of Series 2011A Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

⁽³⁾ Priced at the stated yield to the July 1, 2016 mandatory tender date at the Purchase Price equal to 100% of the principal amount of the Series 2011B Bonds to be purchased.

No dealer, broker, salesperson or other person has been authorized by the Authority, the University or the Underwriters to give any information or to make any representations with respect to the Series 2011 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the University or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2011 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain information in this Official Statement has been supplied by the University and other sources that the Authority believes are reliable. Neither the Authority nor the Underwriters guarantees the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or the Underwriters.

The University has reviewed the parts of this Official Statement describing the University, the Mortgage, the Principal and Interest Requirements, the 2011 Project, the Estimated Sources and Uses of Funds and Appendix B. As a condition to delivery of the Series 2011 Bonds, the University will certify that as of the date of this Official Statement and of delivery of the Series 2011 Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The University makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2011 Resolutions, the Bond Series Certificates and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2011 Resolutions, the Bond Series Certificates and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2011 Resolutions, the Bond Series Certificates and the Loan Agreement are on file with the Authority and the Trustee.

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

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

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, including factors affecting the timing and completion of the construction of facilities in The City of New York, many of which are beyond the control of the University and the Authority. These forward-looking statements speak only as of the date of this Official Statement. The University and the Authority disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the University's or the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2011 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2011 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

<u>Part</u>	<u>Page</u>	<u>Part</u>	<u>Page</u>
1. INTRODUCTION	1	Annual Financial Statement Presentation	24
Purpose of the Official Statement	1	Budget Process	27
Purpose of the Issue	1	Management Discussion of Recent Financial Performance	27
Authorization of Issuance	1	Fiscal Year 2010 Results	27
The Authority	1	Fiscal Year 2011 Operating Budget.....	28
The University	2	State Aid	28
The Series 2011 Bonds	2	Pension and Other Postretirement Plans	28
Payment of the Series 2011 Bonds	2	Gifts	29
Security for the Series 2011 Bonds	2	Investment Performance	29
Financial Covenants	3	Plant Values	30
The Mortgage	3	Capital Plan	30
The 2011 Project.....	3	Outstanding Indebtedness and Other Obligations.....	31
2. SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS.....	3	Financial Advisor	32
Payment of the Series 2011 Bonds	3	LITIGATION	32
Security for the Series 2011 Bonds	4	7. THE AUTHORITY	33
Financial Covenants	5	Background, Purposes and Powers	33
The Mortgage	6	Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)	33
Events of Default and Acceleration	6	Outstanding Indebtedness of the Agency Assumed by the Authority	35
Issuance of Additional Indebtedness	7	Governance	35
General	7	Claims and Litigation	40
3. THE SERIES 2011 BONDS.....	7	Other Matters.....	40
General	7	8. LEGALITY OF THE SERIES 2011 BONDS FOR INVESTMENT AND DEPOSIT	40
Description of the Series 2011A Bonds	8	9. NEGOTIABLE INSTRUMENTS	41
Description of the Series 2011B Bonds in the Term Rate Mode	8	10. TAX MATTERS	41
Redemption and Purchase in Lieu of Redemption Provisions	9	Original Issue Discount and Original Issue Premium	42
Book-Entry Only System	11	11. STATE NOT LIABLE ON THE SERIES 2011 BONDS.....	43
Principal and Interest Requirements	14	12. COVENANT BY THE STATE.....	43
4. THE 2011 PROJECT.....	15	13. LEGAL MATTERS	43
5. ESTIMATED SOURCES AND USES OF FUNDS	16	14. UNDERWRITING	44
6. THE UNIVERSITY	16	15. CONTINUING DISCLOSURE.....	44
GENERAL INFORMATION.....	16	16. RATINGS.....	46
Introduction	16	17. MISCELLANEOUS	46
Governance.....	18	Appendix A – Certain Definitions.....	A-1
Administration.....	20	Appendix B – Financial Statements of Fordham University and Independent Auditors’ Report.....	B-1
Employee Relations	21	Appendix C – Summary of Certain Provisions of the Loan Agreement.....	C-1
OPERATING INFORMATION.....	21	Appendix D – Summary of Certain Provisions of the Resolutions.....	D-1
Undergraduate Admissions.....	21	Appendix E – Form of Approving Opinions of Co-Bond Counsel.....	E-1
Student Enrollment	22		
Student Charges.....	23		
Student Financial Aid	23		
Faculty	24		
ANNUAL FINANCIAL STATEMENT INFORMATION	24		



DORMITORY AUTHORITY - STATE OF NEW YORK
PAUL T. WILLIAMS, JR. – PRESIDENT

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

OFFICIAL STATEMENT RELATING TO
\$146,645,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY
REVENUE BONDS, SERIES 2011
Consisting of:

\$96,645,000
Fordham University
Revenue Bonds, Series 2011A

\$50,000,000
Fordham University
Revenue Bonds, Series 2011B

PART 1 — INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the University, in connection with the offering by the Authority of \$96,645,000 principal amount of its Fordham University Revenue Bonds, Series 2011A (the “Series 2011A Bonds”) and \$50,000,000 principal amount of its Fordham University Revenue Bonds, Series 2011B (the “Series 2011B Bonds”) and, together with the Series 2011A Bonds, the “Series 2011 Bonds”).

The following is a brief description of certain information concerning the Series 2011 Bonds, the Authority and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2011 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2011 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used to (i) pay all or a portion of the Costs of the 2011 Project, (ii) pay a portion of the interest on the Series 2011 Bonds and (iii) pay the Costs of Issuance of the Series 2011 Bonds. See “PART 4 — THE 2011 PROJECT” and “PART 5 — ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Series 2011 Bonds will be issued pursuant to the Resolution, the Series 2011 Resolutions and the Act. The Series 2011 Resolutions authorize, individually and in the aggregate, the issuance of the Series 2011 Bonds in an aggregate amount not to exceed \$150,000,000.

The Authority

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

The University

The University is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Legislature of the State. The main campuses of the University are located in the Bronx and Lincoln Center in Manhattan, each in The City of New York, New York. See “PART 6 - THE UNIVERSITY” and “Appendix B - Financial Statements of Fordham University and Independent Auditors’ Report.”

The Series 2011 Bonds

The Series 2011A Bonds will be dated their date of delivery and bear interest from such date (payable on July 1, 2011 and on each January 1 and July 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 - THE SERIES 2011 BONDS - Description of the Series 2011A Bonds.”

The Series 2011B Bonds will be dated the date of their initial delivery and will bear interest from such date. Commencing on the date of delivery, the Series 2011B Bonds will bear interest at a Term Rate for the initial Term Rate Period, payable on July 1, 2011 and on each January 1 and July 1 thereafter to July 1, 2016. The Series 2011B Bonds are subject to mandatory tender on July 1, 2016 (the “Mandatory Tender Date”) at a Purchase Price equal to the principal amount of the Series 2011B Bonds to be purchased. Such Purchase Price is payable solely out of the moneys derived from the remarketing of such Series 2011B Bonds and the moneys made available by the University pursuant to the Resolutions and the Loan Agreement or pursuant to a Liquidity Facility if one is then in effect. Although during any Rate Period, the University may obtain a Liquidity Facility in accordance with the Bond Series Certificate relating to the Series 2011B Bonds (the “Series 2011B Bond Series Certificate”), there will be no Liquidity Facility in effect upon the issuance of the Series 2011B Bonds and there is no current plan to enter into a Liquidity Facility on or prior to the Mandatory Tender Date. The Authority has no obligation to pay the Purchase Price out of any other moneys. The descriptions of the Series 2011B Bonds and the related documents included herein relate only to the terms and provisions which are applicable while the Series 2011B Bonds bear interest at a Term Rate for the initial Term Rate Period. Subsequent to the initial Term Rate Period, the Series 2011B Bonds may be remarketed in the Term Rate Mode or another Rate Mode, as described in the Series 2011B Bond Series Certificate. See “PART 3 - THE SERIES 2011 BONDS - Description of the Series 2011B Bonds in the Term Rate Mode.”

J.P. Morgan Securities LLC has been appointed as the Remarketing Agent for the Series 2011B Bonds pursuant to the Series 2011B Bond Series Certificate.

Payment of the Series 2011 Bonds

The Series 2011 Bonds will be special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the University under the Loan Agreement, which payments are pledged and assigned to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS - Payment of the Series 2011 Bonds.”

Security for the Series 2011 Bonds

Each Series of Bonds, including, collectively, the Series 2011 Bonds, will be separately secured from each other Series of Bonds issued under the Resolution. The Series 2011 Bonds will be secured by the pledge and assignment to the Trustee of the applicable Revenues and the security interest in the Pledged Revenues, subject to the Prior Pledges, and the funds and accounts established pursuant to the Series 2011 Resolutions. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS - Security for the Series 2011 Bonds - *Pledged Revenues*” and “PART 6 - THE UNIVERSITY – Outstanding Indebtedness and Other Obligations.”

In connection with future indebtedness of the University, subject to the conditions set forth in the Loan Agreement, the University may grant to the holders of such future indebtedness a security interest in the Pledged Revenues on a parity with the Authority’s lien on the Pledged Revenues securing the University’s obligations to the Authority under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS – Financial Covenants - *Additional Indebtedness*” and “Appendix C - Summary of Certain Provisions of the Loan Agreement.”

The Series 2011 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2011 Bonds except for the Authority's responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts established pursuant to the Series 2011 Resolutions and pledged therefor.

Financial Covenants

The University has entered into certain financial covenants in the Loan Agreement, including a rate covenant, a provision for the maintenance of balance sheet liquidity and a covenant related to incurrence of additional debt. For a description of such covenants, see "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS – Financial Covenants" and "Appendix C – Summary of Certain Provisions of the Loan Agreement."

The Mortgage

The University's obligations to the Authority under the Loan Agreement will be additionally secured by a mortgage on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith (the "Mortgage"). The Authority may, but has no present intention to, assign the Mortgage and such security interests to the Trustee. Upon the occurrence of an event of default under the Resolution, the Authority is obligated to assign the Mortgage to the Trustee, subject to any release of the Mortgaged Property from the lien thereof or amendment thereto as described below. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2011 Bonds. Prior to any assignment of the Mortgage to the Trustee, Mortgaged Property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of the Authority, but without the consent of the Trustee or the Holders of any Series 2011 Bonds. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS - The Mortgage."

The 2011 Project

The 2011 Project consists of the construction of a new Law School building and a 430-bed residence hall and renovations to a book storage area in the existing Quinn Library, which will be connected to the Law School. See "PART 4 - THE 2011 PROJECT."

PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2011 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2011 Resolutions and the Bond Series Certificates. Copies of the Loan Agreement, the Resolution, the Series 2011 Resolutions and the Bond Series Certificates are on file with the Authority and the Trustee. See also "Appendix C — Summary of Certain Provisions of the Loan Agreement" and "Appendix D — Summary of Certain Provisions of the Resolutions" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2011 Bonds

The Series 2011 Bonds will be special obligations of the Authority. The principal of and interest on the Series 2011 Bonds are payable solely from the Revenues. The Revenues include the payments required to be made by the University under the Loan Agreement on account of the principal and Sinking Fund Installments of and interest on the Outstanding Series 2011 Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2011 Bonds.

The Loan Agreement is a general obligation of the University and obligates the University to make payments to satisfy the principal and Sinking Fund Installments, if any, and Redemption Price and Purchase Price of and interest on the Series 2011 Bonds. Generally, payments to satisfy principal and Sinking Fund Installments and interest on the Series 2011 Bonds are to be made monthly on the 10th day of each month. Each payment is to be equal to a proportionate share of the interest on the Series 2011 Bonds coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the University to make payments sufficient to pay, at least 45 days prior to a redemption date or purchase date of Series 2011A Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Redemption Price or Purchase Price of such Bonds. The Loan Agreement also obligates the University to make payments sufficient to pay, at least 15 days prior to a redemption date or purchase date of Series 2011B Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Redemption Price or Purchase Price of such Bonds. See “PART 3 – THE SERIES 2011 BONDS – Redemption and Purchase in Lieu of Redemption Provisions.”

The Authority has directed the University, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal and Sinking Fund Installments, if any, and Redemption Price and Purchase Price of and interest on the Series 2011 Bonds.

Security for the Series 2011 Bonds

The Series 2011 Bonds, collectively, will be separately secured from each other Series of Bonds issued under the Resolution. The Series 2011 Bonds will be secured by the pledge and assignment to the Trustee of the applicable Revenues and the security interest in the Pledged Revenues, subject to the Prior Pledges, and the funds and accounts established pursuant to the Series 2011 Resolutions. See “Appendix D - Summary of Certain Provisions of the Resolutions.”

Pledged Revenues

As security for its obligations under the Loan Agreement, the University has granted to the Authority a security interest in the Pledged Revenues, subject to the Prior Pledges, consisting of tuition and fees charged to students and received or receivable by the University. The security interest in the Pledged Revenues is subordinate to the Prior Pledges made in connection with the issuance of other Authority bonds issued on behalf of the University. In connection with the issuance of the Series 2011 Bonds and upon receipt of the requisite consents, the University’s obligations to the Authority relating to the Series 2008A Bonds and the Series 2008B Bonds will be secured on a parity with respect to the security interest in the Pledged Revenues securing the University’s obligations to the Authority under the Loan Agreement. See “PART 6 – THE UNIVERSITY – Outstanding Indebtedness and Other Obligations.” The Authority has pledged and assigned to the Trustee for the benefit of the Holders of Series 2011 Bonds its security interest in the Pledged Revenues.

Pursuant to the Loan Agreement, the University has covenanted not to incur additional debt if the lien securing such debt would constitute a security interest, other than the existing Prior Pledges, prior to the Authority’s lien on the Pledged Revenues. However, the Loan Agreement permits the University, under certain conditions, to incur additional indebtedness secured by the Pledged Revenues on a parity with the Authority’s lien on the Pledged Revenues securing the University’s obligations to the Authority under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS – Financial Covenants” and “– Issuance of Additional Indebtedness.”

Financial Covenants

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

Maintenance Covenants

Debt Service Coverage Ratio Requirement. The University covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a ratio of Operating Income Available for Debt Service to Annual Debt Service (the "Debt Service Coverage Ratio") as of the end of each Fiscal Year (each, a "Testing Date") of at least 1.25:1. As of June 30, 2010, the University's Debt Service Coverage Ratio was reported at 3.1:1.

If (a) on any two consecutive Testing Dates, the University does not satisfy the Debt Service Coverage Ratio requirement, or (b) on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Authority may require the University to retain a Management Consultant to make recommendations that will enable the University to comply with the Debt Service Coverage Ratio requirement.

Expendable Resources to Debt Ratio Requirement. The University covenants to maintain a ratio of Expendable Resources to Long-Term Indebtedness (the "Expendable Resources to Debt Ratio") as of each Testing Date at least equal to 0.4:1. As of June 30, 2010, the University's Expendable Resources to Debt Ratio was reported at 0.59:1.

If on any Testing Date, (a) the University does not satisfy the Expendable Resources to Debt Ratio requirement, (b) the percentage decline in the Expendable Resources to Debt Ratio from the prior Fiscal Year to the current Fiscal Year is 35% or greater, or (c) the percentage decline in the Expendable Resources to Debt Ratio from the Fiscal Year two years prior to the current Fiscal Year to the current Fiscal Year is 50% or greater, the Authority may require the University to retain a Management Consultant to make recommendations that will enable the University to comply with the Expendable Resources to Debt Ratio requirement.

Additional Indebtedness

The University may issue, incur, assume or guarantee Long-Term Indebtedness without the consent of the Authority, provided that (i) the security interest in the collateral securing such Long-Term Indebtedness is not prior to or on parity with the security interest in the collateral securing any Authority Indebtedness (ii) it maintains a debt rating in the "A" category without regard for "+" or "-" from at least one Rating Service, and (iii) (a) such Long-Term Indebtedness issued in any Fiscal Year is in an amount less than or equal to 10% of the amount of its unrestricted net assets as reported for the most recently concluded Fiscal Year for which audited financial statements are available or (b) the University provides to the Authority a certificate of an Authorized Officer of the University containing pro forma calculations demonstrating that the maintenance covenants described above and included in the Loan Agreement would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued (provided that, for purposes of calculating the Debt Service Coverage Ratio for such pro forma calculations, Annual Debt Service shall be equal to projected Maximum Annual Debt Service).

The University may also issue, without the Authority's consent: (1) Non-Recourse Indebtedness, provided that any assets pledged as collateral or for the repayment of such indebtedness has been acquired by the University after the issuance of the Series 2011 Bonds; and (2) Short-Term Indebtedness, provided that during any 12-month period, there will be no outstanding balance on such Short-Term Indebtedness for a period of not less than 30 days.

In addition, the University may issue, incur, assume or guarantee Refunding Debt without the consent of the Authority or compliance with the requirements described above and included in the Loan Agreement, provided that, after giving effect to such Refunding Debt, the Maximum Annual Debt Service on the University's Long-Term Indebtedness will not be greater in any Fiscal Year as established by a certificate or report of an Authorized Officer of the University delivered to the Authority on or prior to the date such Refunding Debt is issued, incurred, assumed or guaranteed; provided, however, that the Authority's consent will be required if the security interest in the collateral securing such Refunding Debt is proposed to be prior to or on parity with the security interest in the collateral securing any Authority Indebtedness.

Exceptions

Notwithstanding the foregoing, the University will not be considered to have failed to meet the Debt Service Coverage Requirement or the Expendable Resources to Debt Ratio Requirement if the University can demonstrate that such failure was solely due to a change in generally accepted accounting principles not previously applicable to the University. In the event the Authority determines such a change in generally accepted accounting principles will create a lasting impediment upon the University's ability to comply with such financial covenant requirements, the Authority and the University may, without obtaining the consent of Bondholders, amend the provisions of the Loan Agreement and the related definitions upon which the calculations included in such provisions are based to provide for similar financial and economic measures of the University's performance.

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

The Mortgage

In connection with the delivery of the Series 2011 Bonds, the University will execute and deliver the Mortgage to the Authority and grant the Authority a security interest in certain fixtures, furnishings and equipment to secure the payments required to be made by the University pursuant to the Loan Agreement. The Authority may assign its rights under the Loan Agreement and the Mortgage and related security interest to the Trustee, but has no present intention to do so. Upon the occurrence of an event of default under the Resolution, the Authority is obligated to assign the Mortgage to the Trustee, subject to any release of the Mortgaged Property from the lien thereof or amendment thereto as described below. Unless the Mortgage and security interest are assigned to the Trustee, neither the Mortgage nor the security interest in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2011 Bonds. Prior to any assignment of a Mortgage to the Trustee, Mortgaged Property subject to the Mortgage may be released from the lien thereof, and the Mortgage may be amended, with the prior written consent of the Authority but without the consent of the Trustee or the Holders of any Series 2011 Bonds.

The Mortgaged Property encumbered by the Mortgage shall initially consist of (i) the parcel of real estate on which the University's existing law school is situated (the "Law School Parcel") and (ii) an adjoining unimproved parcel of real estate running along Columbus Avenue between West 60th and West 62nd Streets (the "Unimproved Parcel"), which parcels together currently comprise a single tax lot. Subsequent to the delivery of the Series 2011 Bonds and upon completion of the anticipated tax lot subdivision of the aforesaid adjoining parcels, the Authority expects to release the Unimproved Parcel from the lien of the Mortgage. Thereafter, the Mortgage will continue to encumber the Law School Parcel, subject to any further release or amendment as described above.

Events of Default and Acceleration

The following are events of default under the Resolutions with respect to the Series 2011 Bonds: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by the Authority in the payment of interest on any Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2011 Resolutions to comply with the provisions of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2011 Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2011 Bonds, shall declare the principal of and interest on all the Outstanding Series 2011 Bonds to be due and payable. At any time after the principal of the Series 2011 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2011 Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the University within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2011 Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2011 Bonds.

Issuance of Additional Indebtedness

In addition to the Series 2011 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including refunding Outstanding Bonds or other notes or bonds of the Authority or other indebtedness of the University. Each Series of Bonds will be separately secured from each other Series of Bonds issued under the Resolution by the pledge and assignment to the Trustee of the applicable Revenues and the security interest in the Pledged Revenues, subject to Prior Pledges, and the funds and accounts established pursuant to the applicable Series Resolution. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2011 Bonds.

The Loan Agreement also permits the University, under certain conditions, to incur additional long-term indebtedness secured by a security interest in the Pledged Revenues on a parity with the Authority's lien on the Pledged Revenues securing the University's obligations to the Authority under the Loan Agreement. See “–Security for the Series 2011 Bonds” above and “Appendix C – Summary of Certain Provisions of the Loan Agreement.”

General

The Series 2011 Bonds will not be a debt of the State and the State will not be liable on the Series 2011 Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See “PART 7 — THE AUTHORITY.”

PART 3 — THE SERIES 2011 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2011 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2011 Resolutions, the Bond Series Certificates and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolutions” for a more complete description of certain provisions of the Series 2011 Bonds.

General

The Series 2011 Bonds will be issued pursuant to the Resolutions. The Series 2011 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2011 Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2011 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series

2011 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2011 Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2011 Bonds, the Series 2011 Bonds will be exchangeable for fully registered Series 2011 Bonds in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “– Book-Entry Only System” and “Appendix D – Summary of Certain Provisions of the Resolutions.”

Description of the Series 2011A Bonds

The Series 2011A Bonds will be dated their date of delivery and bear interest from such date (payable on July 1, 2011 and on each January 1 and July 1 thereafter) at the rates set forth on the inside cover page of this Official Statement. The Series 2011A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2011A Bonds will be payable in immediately available funds by check mailed to each registered owner or, at the option of the registered owner of at least \$1,000,000 of Series 2011A Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the interest payment date. If the Series 2011A Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2011A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

Description of the Series 2011B Bonds in the Term Rate Mode

The descriptions of the Series 2011B Bonds and the related documents included herein relate only to the terms and provisions which are applicable while the Series 2011B Bonds bear interest at a Term Rate for the initial Term Rate Period.

General. The Series 2011B Bonds will be dated the date of their initial delivery and will bear interest from such date. Commencing on the date of their initial delivery, the Series 2011B Bonds will bear interest at a Term Rate for the initial Term Rate Period, payable on July 1, 2011 and on each January 1 and July 1 thereafter to July 1, 2016. Interest on the Series 2011B Bonds will be computed during the initial Term Rate Period on the basis of a 360-day year consisting of twelve 30-day months. The Series 2011B Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2011B Bonds will be payable during the initial Term Rate Period by check, in New York Clearing House funds, mailed to each registered owner of a Series 2011B Bond; provided, however, that interest payable on the Series 2011B Bonds on any interest payment date during which the Series 2011B Bonds are Book Entry Bonds shall be paid by wire transfer to DTC or its nominee, Cede & Co., at the wire transfer address therefor. If the Series 2011B Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal, Purchase Price or Redemption Price of the Series 2011B Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, as Trustee, Paying Agent and Tender Agent upon presentation and surrender of such Series 2011B Bonds to it. The Record Date during any Term Rate Period is the close of business on the 15th day of the calendar month immediately preceding any calendar month in which there occurs an interest payment date, regardless of whether such day is a Business Day.

No Conversion to Another Rate Period or Rate Mode During Initial Term Rate Period. The Series 2011B Bonds are not subject to conversion to another Rate Period or Rate Mode during the initial Term Rate Period.

Optional Tender. Series 2011B Bonds bearing interest at a Term Rate during the initial Term Rate Period are not subject to tender at the option of the Holder thereof.

Mandatory Tender. The Series 2011B Bonds bearing interest at a Term Rate during the initial Term Rate Period are subject to mandatory tender for purchase on July 1, 2016 (the “Mandatory Tender Date”) at the Purchase Price equal to the principal amount of the Series 2011B Bonds to be purchased.

Notice of Mandatory Tender. The Tender Agent shall give notice of mandatory tender of the Series 2011B Bonds by first-class mail to the Holders of the Series 2011B Bonds at least 15 Business Days prior to the Mandatory Tender Date.

If the Series 2011B Bonds subject to mandatory tender are held by DTC or its nominee, Cede & Co., the notice of mandatory tender shall be delivered to DTC or its nominee in accordance with and setting forth the information required by DTC's operational arrangements.

Neither the failure to mail the foregoing notice to any Holders of the Series 2011B Bonds nor any defect therein shall affect the mandatory tender on the Mandatory Tender Date of all Series 2011B Bonds or extend the period for tendering any Series 2011B Bonds for purchase. Absent gross negligence or willful misconduct, the Trustee shall not be liable to any Bondholder by reason of its failure to mail such notice or any defect therein.

Delivery and Purchase of Tendered Series 2011B Bonds. Series 2011B Bonds, other than Series 2011B Bonds registered in the name of DTC or its nominee, Cede & Co., subject to mandatory tender are to be delivered and surrendered to the Tender Agent at its principal corporate trust office in The City of New York on the Mandatory Tender Date. If on the Mandatory Tender Date there is on deposit with the Tender Agent available moneys to pay the Purchase Price of the Series 2011B Bonds tendered for purchase, such Series 2011B Bonds will be deemed tendered without physical delivery to the Trustee and the Holders or DTC Participants and Beneficial Owners of such Series 2011B Bonds will have no further rights thereunder other than the right to the payment of the Purchase Price. The Purchase Price for tendered Series 2011B Bonds is payable solely out of the moneys derived from the remarketing of such Series 2011B Bonds and the moneys made available by the University or pursuant to a Liquidity Facility if one is then in effect. Although during any Rate Period, the University may obtain a Liquidity Facility in accordance with the Series 2011B Bond Series Certificate, there will be no Liquidity Facility in effect upon the issuance of the Series 2011B Bonds and there is no current plan to enter into a Liquidity Facility on or prior to the Mandatory Tender Date. The Authority has no obligation to pay the Purchase Price out of any other moneys. Interest on tendered Series 2011B Bonds to be purchased after the Record Date for an interest payment date will be paid to the registered owner of the tendered Series 2011B Bonds on the interest payment date corresponding to such Record Date.

No Series 2011B Bond tendered for purchase at the option of the Holder which does not strictly conform to the description contained in the notice of tender will be purchased from its Holder.

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2011 Bonds are subject to redemption and to purchase in lieu of optional redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2011 Bonds, see "Appendix D—Summary of Certain Provisions of the Resolutions."

Optional Redemption

Series 2011A Bonds

The Series 2011A Bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. The Series 2011A Bonds maturing after July 1, 2021 are subject to redemption prior to maturity at the option of the Authority on any Business Day on or after July 1, 2021, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2011A Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

Series 2011B Bonds

The Series 2011B Bonds bearing interest at a Term Rate are not subject to optional redemption prior to the Mandatory Tender Date.

Purchase in Lieu of Optional Redemption

The Series 2011A Bonds maturing after July 1, 2021 are also subject to purchase in lieu of optional redemption prior to maturity at the election of the University, with the prior written consent of the Authority, on any

Business Day on which the Series 2011A Bonds are subject to optional redemption, in any order, in whole or in part, at a Purchase Price equal to 100% of the principal amount of the Series 2011A Bonds or portions thereof to be purchased, plus accrued interest to the date set for purchase (the “Purchase Date”).

Mandatory Redemption

The Series 2011 Bonds are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolutions and the Bond Series Certificates, at a Redemption Price equal to 100% of the principal amount of Series 2011 Bonds to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2011 Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Resolutions permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Authority shall be required to pay for the retirement of the Series 2011 Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

Series 2011A Bonds Maturing July 1, 2036		Series 2011B Bonds Maturing July 1, 2041	
<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2032	\$6,200,000	2036	\$6,675,000
2033	6,540,000	2037	8,000,000
2034	6,900,000	2038	8,320,000
2035	7,280,000	2039	8,650,000
2036	1,005,000*	2040	9,000,000
		2041	9,355,000*

*Stated maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2011 Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of the Authority, (C) purchased by the University or the Authority and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2011 Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2011 Bonds so purchased payable on the next succeeding July 1. Series 2011 Bonds redeemed at the option of the Authority, purchased by the Authority or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as the Authority may direct in its discretion. To the extent the Authority’s obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder’s Series 2011 Bonds of the Series and maturity so purchased will be reduced for such year.

Special Redemption

The Series 2011 Bonds are subject to redemption prior to maturity at the option of the Authority in any order, in whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the 2011 Project and (ii) from unexpended proceeds of the Series 2011 Bonds upon the abandonment of all or a portion the 2011 Project due to a legal or regulatory impediment.

Selection of Bonds to be Redeemed or Purchased

In the case of redemption or purchase in lieu of redemption of less than all of a Series of the Series 2011 Bonds, the Authority will select the maturities of such Series of the Series 2011 Bonds to be redeemed or purchased. If less than all of the Series 2011 Bonds of a Series and maturity are to be redeemed or purchased, the Series 2011 Bonds of such Series and maturity to be redeemed or purchased will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2011 Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2011 Bonds to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than 10 Business Days prior to the date such notice is given. Each notice of redemption, other than a notice of "Special Redemption," will state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2011 Bonds to be redeemed. The failure of any owner of a Series 2011 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2011 Bond.

If on the redemption date, moneys for the redemption of the Series 2011 Bonds of like Series and maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2011 Bonds of such Series and maturity will cease to accrue from and after the redemption date and such Series 2011 Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Optional Redemption and its Effect

Notice of purchase of the Series 2011A Bonds will be given in the name of the University to the registered owners of the Series 2011A Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2011A Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2011A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2011A Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2011A Bonds. Such Series 2011A Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The University's obligation to purchase a Series 2011A Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2011A Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2011A Bonds to be purchased, the former registered owners of such Series 2011A Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2011A Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2011A Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2011A Bonds are to be purchased, the Series 2011A Bonds to be purchased will be selected by lot in the same manner as Series 2011A Bonds to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2011 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolutions." Also see "- Book-Entry Only System" below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2011 Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

DTC, New York, NY, will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2011 Bond certificate will be issued for each maturity of the Series 2011 Bonds, totaling in the aggregate the principal amount of the Series 2011 Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the

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

Purchases of the Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2011 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2011 Bonds, except in the event that use of the book-entry system for such Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2011 Bonds within a maturity of the Series 2011 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2011 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to

Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2011 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2011 Bond certificates will be printed and delivered to DTC.

For every transfer and exchange of Series 2011 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection “Book-Entry-Only System” has been extracted from information furnished by DTC. None of the Authority, the University, the Trustee or the Underwriters make an representation as to the completeness or the accuracy of such information or as the absence of material adverse changes in such information subsequent to the date hereof.

THE AUTHORITY, THE UNIVERSITY, THE TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2011 BONDS (1) PAYMENTS OF PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2011 BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2011 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2011 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NONE OF THE AUTHORITY, THE UNIVERSITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY’S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

So long as Cede & Co. is the registered owner of the Series 2011 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2011 Bonds (other than under “PART 10 - TAX MATTERS” herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2011 Bonds.

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the University during each twelve month period ending June 30 of the Bond Years shown for the payment of debt service on the currently outstanding indebtedness of the University, the principal of and interest on the Series 2011 Bonds and the total debt service on all indebtedness of the University, including the Series 2011 Bonds.

12-Month Period Ending June 30,	Series 2011 Bonds				
	Principal Payments	Interest Payments ⁽¹⁾	Total Debt Service on Series 2011 Bonds ⁽¹⁾	Debt Service on Other Outstanding Indebtedness ⁽²⁾	Total Debt Service ⁽¹⁾⁽²⁾
2011	—	\$1,296,661	\$1,296,661	\$21,729,608	\$23,026,269
2012	—	7,409,494	7,409,494	21,682,458	29,091,952
2013	—	7,409,494	7,409,494	21,681,493	29,090,987
2014	—	7,409,494	7,409,494	21,747,518	29,157,012
2015	\$2,320,000	7,409,494	9,729,494	21,747,498	31,476,992
2016	2,390,000	7,339,894	9,729,894	19,402,448	29,132,342
2017	2,990,000	6,739,294	9,729,294	19,378,873	29,108,167
2018	3,140,000	6,589,794	9,729,794	19,393,348	29,123,142
2019	3,265,000	6,464,194	9,729,194	19,391,163	29,120,357
2020	3,430,000	6,300,944	9,730,944	19,404,500	29,135,444
2021	3,600,000	6,129,444	9,729,444	19,398,388	29,127,832
2022	3,780,000	5,949,444	9,729,444	19,596,200	29,325,644
2023	3,970,000	5,760,444	9,730,444	19,594,575	29,325,019
2024	4,170,000	5,561,944	9,731,944	20,310,700	30,042,644
2025	4,360,000	5,369,081	9,729,081	20,135,300	29,864,381
2026	4,590,000	5,140,181	9,730,181	19,947,200	29,677,381
2027	4,830,000	4,899,206	9,729,206	19,681,075	29,410,281
2028	5,070,000	4,657,706	9,727,706	19,558,875	29,286,581
2029	5,325,000	4,404,206	9,729,206	11,259,625	20,988,831
2030	5,600,000	4,131,300	9,731,300	11,267,625	20,998,925
2031	5,890,000	3,840,100	9,730,100	11,268,250	20,998,350
2032	6,200,000	3,530,875	9,730,875	10,751,000	20,481,875
2033	6,540,000	3,189,875	9,729,875	7,418,000	17,147,875
2034	6,900,000	2,830,175	9,730,175	7,421,250	17,151,425
2035	7,280,000	2,450,675	9,730,675	7,420,500	17,151,175
2036	7,680,000	2,050,275	9,730,275	7,420,250	17,150,525
2037	8,000,000	1,728,668	9,728,668	7,419,750	17,148,418
2038	8,320,000	1,409,468	9,729,468	7,418,250	17,147,718
2039	8,650,000	1,077,500	9,727,500	—	9,727,500
2040	9,000,000	732,365	9,732,365	—	9,732,365
2041	9,355,000	373,265	9,728,265	—	9,728,265

⁽¹⁾ Interest on the Series 2011B Bonds after July 1, 2016 is assumed to accrue at the rate of 3.99% per annum.

⁽²⁾ Interest on tax-exempt short-term and variable rate bonds is assumed to accrue at the rate of 3.50% per annum. Figures do not include other notes payable of the University outstanding in the amount of \$1,718,069 as of June 30, 2010 and capitalized lease obligations outstanding in the amount of \$1,114,736 as of June 30, 2010. See "PART 6 – THE UNIVERSITY – Outstanding Indebtedness and Other Obligations."

PART 4 — THE 2011 PROJECT

Proceeds of the Series 2011 Bonds, together with other moneys of the University, will be used to finance the construction of a new Law School building and a 430-bed residence hall and renovations to a book storage area in the existing Quinn Library, which will be connected to the Law School. The new structure is designed by Pei, Cobb Freed & Partners, Architects, LLC and will contain approximately 460,000 gross square feet (“GSF”) of space, with 325,000 GSF for the Law School and 135,000 GSF for the residence hall. Renovations to the Quinn Library book storage area will encompass approximately 20,000 GSF of space.

The 2011 Project site is directly across from Lincoln Center for the Performing Arts along West 62nd Street in Manhattan and on University-owned property. Once complete, the 2011 Project will enable the University to implement an enrollment strategy for undergraduate students to both increase enrollment and provide better accommodations for first-year students. It also will enhance the existing teaching, research and public service roles of the University’s nationally recognized Law School. For fall 2010, approximately 24% of full-time applicants to the Law School were admitted and 22% of those admitted enrolled. In addition, the new building will permit other schools and programs of the University to grow into the facilities of the old Law School building.

The total cost of the 2011 Project is estimated to be \$250 million. The University expects to fund the remaining cost of the 2011 Project with a portion of the net proceeds of a recent sale of a parcel of land located on the Lincoln Center campus and gifts. The 2011 Project is being developed under a Master Plan approved by The City of New York. Demolition and site work have commenced and the 2011 Project is scheduled to be completed by the summer of 2014. Gotham Construction Corporation, LLC is the construction manager pursuant to a guaranteed maximum price contract executed on March 7, 2011. Over 90% of the construction trades have been purchased as of the date of this Official Statement and all government permits and approvals have been obtained for the 2011 Project.

The table below presents a projected timeline of the key events in the construction of the 2011 Project as completed and anticipated to be completed by the University. The dates indicated below are estimates, which are subject to change.

Site Fencing and Preparation	Completed
Demolition	Completed
Excavation and Foundation	February 2011 – August 2011
Steel Superstructure	Mid-August 2011 – November 2011
Facade	November 2011 – January 2013
Interiors	June 2012 – November 2013
Temporary Certificate of Occupancy	January 2014

The construction of the 2011 Project is subject to various risk factors, which may affect its timing, cost and completion. The University has a track record of successfully completing projects on time and within budget and expects that commencement of the 2011 Project will benefit from a favorable environment for projects of this nature.

PART 5 — ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of Series 2011 Bonds.....	\$ 146,645,000
Net Original Issue Premium.....	<u>6,284,720</u>
Total Sources.....	<u>\$ 152,929,720</u>

Uses of Funds

Deposit to the Construction Fund	\$ 126,803,397
Capitalized Interest	23,413,699
Costs of Issuance*	2,066,595
Underwriters' Discount.....	<u>646,029</u>
Total Uses.....	<u>\$ 152,929,720</u>

* Includes State of New York Bond Issuance Charge.

PART 6 — THE UNIVERSITY

GENERAL INFORMATION

Introduction

Fordham University (the “University” or “Fordham”) is an independent, not-for-profit, coeducational, nonsectarian institution of higher learning in the Jesuit tradition located in The City of New York. Fordham was founded in 1841 and was granted its charter in 1846 by the State of New York.

Fordham’s original campus sits on 85 acres of lawns, trees and gothic buildings, known as Rose Hill, in the Bronx. Approximately 6,700 students are enrolled in three undergraduate schools: Fordham College at Rose Hill, the Gabelli School of Business, and Fordham College of Liberal Studies; and two graduate schools: the Graduate School of Arts and Sciences and the Graduate School of Religion and Religious Education. The Rose Hill campus includes 37 structures within the campus green including 12 classroom/administration buildings, the Walsh Family Library, the University Church, McGinley Student Center, the Vincent T. Lombardi Memorial Center with its athletic facilities, and eleven dormitories, including a recently completed 450-bed facility, housing approximately 3,500 students. Four of the oldest buildings on the campus are registered historic New York City landmarks: the Administration Building, Alumni House, the University Church and St. John’s Hall.

The Lincoln Center campus, set on eight acres adjacent to Lincoln Center for the Performing Arts in Manhattan, was established in 1961. Approximately 8,000 students are enrolled in two undergraduate schools: Fordham College at Lincoln Center and Fordham College of Liberal Studies (formerly Ignatius College); and four graduate and professional schools: the School of Law, the Graduate School of Business Administration, the Graduate School of Education and the Graduate School of Social Service. The Lincoln Center campus also includes a residence hall housing 940 students. The proceeds of the Series 2011 Bonds will be used to finance the construction of a new Law School and a residence hall for 430 students on the Lincoln Center campus.

Since 1976, the Graduate Schools of Business Administration, Education and Social Service had offered master’s, doctoral and professional degree programs at the University’s suburban graduate center located on the Marymount Campus in Tarrytown, New York. After two years of study by two University task forces, in 2008, the University phased out the operations of Marymount College and sold the Marymount campus. The University has moved its Westchester operations to a leased building in Harrison, New York.

Fordham's Louis Calder Center, founded in 1967, in Armonk, New York, is a 114-acre biological field station for student and faculty research in ecology and applied environmental sciences.

The University has four undergraduate and six graduate colleges on its three campuses. The following shows each college with the year it was established, approximate 2010 fall enrollment and the degrees granted.

School	Year Established	Location	Approximate Enrollment	Degrees Granted
Undergraduate				
Fordham College at Rose Hill	1841	Rose Hill	3,548	BA, BS
Gabelli School of Business	1920	Rose Hill	2,072	BS
Fordham College at Lincoln Center	1968	Lincoln Center	1,740	BA, BS, BFA
Fordham College of Liberal Studies	1944	Lincoln Center, Rose Hill & Westchester	860	BA, BS
Graduate & Professional Schools				
School of Law	1905	Lincoln Center	1,680	JD, LL.M, SJD
Graduate School of Education	1916	Lincoln Center	1,189	ADV, EdD, MAT, MS, MSE, MST, PhD
Graduate School of Business Administration	1969	Lincoln Center & Westchester	1,503	ADV, MBA, MS, MSGF
Graduate School of Social Service	1916	Lincoln Center & Westchester	1,542	MSW, PhD
Graduate School of Arts and Sciences	1916	Rose Hill	807	ADV, MA, MS, MPhil, PhD
Graduate School of Religion & Religious Education	1968	Rose Hill	217	ADV, DMin, MA, MS, PhD

The University serves approximately 15,158 full-time and part-time undergraduate and graduate students at all locations. Of the undergraduate total, 47% are men and 53% are women. Of the undergraduate students who report their ethnicity, 26.6% are members of racial minorities: 5.4% are African American, 13.1% are Hispanic, 7.7% are Asian and 0.4% are American Indian/Alaskan Native.

Fordham is attended by students from around the nation, with approximately 40% of the 2010 freshman class coming from New York State and the balance representing the other 49 States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and 58 foreign countries.

CLASS OF 2014 GEOGRAPHIC DIVERSITY

<u>Region</u>	<u>Class of 2014 Percentage</u>
New York	39.4%
New Jersey	15.5
Other Northeast	18.4
South	8.3
Midwest	5.6
West	7.6
Other U.S./International	5.3

The University offers degrees ranging from the baccalaureate to the doctorate through its ten schools and colleges. In 2009-2010, Fordham awarded 4,200 degrees and advanced certificates including: 90 doctorates, 491 law degrees, 1,764 master's degrees, 1,805 bachelor's degrees and 50 advanced certificates.

Governance

The University is governed by a self-perpetuating Board of Trustees. The University statutes provide that the Board of Trustees shall consist of not more than forty nor less than five persons. The President of the University is an ex-officio member of the Board. The term of office of each member other than the President is three years. After completion of two three-year terms on the Board, a period of one year must elapse before reelection to the Board, except that any trustee who is currently serving as chair or vice chair of the Board or who has been recommended by the nominating committee for either of those offices may be reelected for a third consecutive term without any lapse of time. In addition, trustees who are members of the Executive Committee or who have been recommended for membership on the Executive Committee may be reelected at the end of their second consecutive term to an additional two-year term without any lapse of time. The Board meets at least four times a year. The Board has an Executive Committee which meets at least four times a year and usually six times a year. Among other committees of the Board are Audit and Finance Committees. The Finance Committee meets at least four times a year; the Audit Committee meets three times a year. The Executive Committee represents the Board in all its functions between regularly scheduled Board meetings except those expressly prohibited by University statutes.

The members of the Board and its officers and their professional affiliations or principal businesses, as of March 1, 2011, are listed below.

John N. Tognino-Chair ^{1,2,3}
Chairman and CEO
Pepper Financial Group

Mark H. Tuohey, III –Vice Chair ¹
Partner
Brown Rudnick, LLP

Elizabeth Burns - Secretary ¹
Retired Senior Vice President
Capital Guardian

Lawrence Auriana
Chairman
Federated Kaufman Fund

Stephen E. Beppler
Senior Vice President
Capital Research Company

Rosemary T. Berkery
Chair
UBS Bank USA

Vincent Biagi, S.J.
Asst. for Secondary and
Pre-Secondary Education
New York Province of the
Society of Jesus

Kenneth Boller, S.J.
President
Fordham Preparatory School

James E. Buckman ^{1,2}
Vice Chairman
York Capital Management

Richard J. Buoncore ^{1,2,3}
Managing Partner
MAI Wealth Advisors, LLC

Donna M. Carroll ¹
President
Dominican University

John Cecero, S.J. ¹
Rector, Jesuit Community
of Fordham
Fordham University

Emanuel Chirico
Chairman and CEO
Philips-Van Heusen Corp.

Robert D. Daleo ^{1,2,3}
EVP, CFO and Director
Thomson Reuters

Carolyn N. Dolan ^{1,3}
Principal
Samson Capital Advisors

Christine F. Driessen
EVP and CFO
ESPN Inc.

Christopher F. Fitzmaurice ²
CF Asset Management

Dennis FitzSimons ³
Chairman
Robert R. McCormick Foundation

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

Patricia Heller
Civic Leader

Peter W. Howe ¹
Retired Partner
Ernst & Young LLP

Darlene Luccio Jordan
Executive Director
The Gerald R. Jordan Foundation

John M. Keane
Sr. Partner
SCP Partners

John P. Kehoe
Senior Advisor, The Abernathy
MacGregor Group, Inc./
Kehoe Partners, Inc.

V. John Kriss
Retired Senior Vice President
Capital Group Companies -American
Funds Distributors

William Loschert
Retired Chair
ACE Global Markets

T. J. Maloney ^{2,3}
President
Lincolnshire Management Inc.

J. Thomas McClain, S.J. ²
General Treasurer
Curia of the Society of Jesus

Sylvester McClearn ¹
Managing Director
Citigroup Capital Markets

Joseph M. McShane, S.J. ^{1,2,3}
President
Fordham University

Henry S. Miller ²
Chairman and Managing Director,
Miller Buckfire

Robert J. O'Shea ³
Silver Point Capital

Joseph P. Parkes, S.J. ¹
President
Cristo Rey New York High School

Regina M. Pitaro
Managing Director
GAMCO Investors, Inc.

Loretta A. Preska
Judge, United States District Court for
the Southern District of New York

Peter John Sacripanti
Chairman
McDermott, Will & Emery

Thomas P. Salice
Managing Member
SFW Capital Partners, LLC

Lilian Wu
Program Executive, Global University
Programs
IBM University Relations and
Innovations

Vincent Viola
President
Virtu Financial

1 Member of Executive Committee.
2 Member of Finance Committee.
3 Member of the Investment Committee.

Administration

The University is administered by a President who is responsible for the day-to-day operations of the University. The Board of Trustees elects additional officers of the University. The following are presently serving as officers of the University.

The Reverend Joseph Michael McShane, S.J., President

The Reverend Joseph M. McShane, S.J., became the 32nd president of Fordham University on July 1, 2003. He previously served at Fordham as dean of Fordham College, as a professor of theology and as a member of the Board of Trustees. He served on the religious studies faculty at LeMoyne College in Syracuse, New York, from 1982 to 1992 and as chair of the Department of Religious Studies from 1991 to 1992. Father McShane joined the Fordham Board of Trustees in 1987 and served until 1992 when he was appointed dean of Fordham College and professor of theology. In 1998, Father McShane left Fordham to become president of the University of Scranton in Pennsylvania and was reappointed to Fordham's board in 2001. He left the University of Scranton in 2003 to return to Fordham. In addition to his presidential responsibilities, Father McShane serves on the boards of Canisius College (Buffalo, New York), Santa Clara University (Santa Clara, California), Canisius High School (Buffalo, New York), Bloomberg Family Foundation (New York, New York), AJCU, and the Commission on Independent Colleges and Universities (New York State). Father McShane received a bachelor's degree in English and philosophy and a master's degree in English from Boston College, and he holds a Ph.D. in the history of Christianity from the University of Chicago. He received M. Div. and S.T.M. degrees from the Jesuit School of Theology at Berkeley.

Mr. John J. Lordan, Senior Vice President, Chief Financial Officer and Treasurer

John J. Lordan joined Fordham in April 2000, in the newly-created position of Senior Vice President, Chief Financial Officer and Treasurer. Prior to that, he was Vice President for Business Affairs at Johns Hopkins University (where he remains Vice President Emeritus) and Deputy Associate Director for Financial Management in the U.S. Office of Management and Budget. Mr. Lordan holds a B.S. degree from Suffolk University, Boston, an M.B.A. from Boston College, and an M.P.A. from the Kennedy School at Harvard. He is a C.P.A., a former member of the Council of the American Institute of C.P.A.'s and the Advisory Council of the Financial Accounting Standards Board. He serves on the Boards of St. Barnabas Hospital and Fordham Preparatory School, which institutions are located in the Bronx, New York.

Dr. Stephen Freedman, Provost

Dr. Freedman joined the University in July 2007 as Senior Vice President for academic Affairs. He was appointed Provost in September 2010. He received his bachelor's degree from Loyola of Montreal, master's degree from York University, and his doctoral degree from the University of California at Irvine. In 1979, he joined the faculty at Loyola University of Chicago, where he served as Dean of Mundelein College of Loyola University. Prior to becoming Fordham's Senior Vice President for Academic Affairs in 2007, Dr. Freedman was Academic Vice President at Gonzaga University in Spokane, Washington.

Dr. Peter A. Stace, Vice President for Enrollment

Peter A. Stace joined Fordham in August 1995 as Vice President for Enrollment. Prior to that, he was Vice Provost for Enrollment at Northeastern University in Boston; Dean of Admissions and Enrollment at Ithaca College, an Operations Audit Consultant at Primerica Corporation, and Assistant Dean in the College of Arts and Sciences at Syracuse University. Dr. Stace holds a B.S. degree in Economics from Fordham University, an M.A. in Human Resource Economics from the Maxwell School of Citizenship and Public Affairs at Syracuse University and a Ph.D. in Higher Education Administration from the Graduate School of Education at Syracuse University.

Roger A. Milici Jr., Vice President for Development and University Relations

Roger A. Milici joined the University as Associate Vice President for Development in May 2009. He was appointed Interim Vice President in July 2010 and Vice President in March 2011. Before coming to Fordham, he served as senior director of development and alumni relations at the Fletcher School of Law and Diplomacy at Tufts University, a post he held since June 2001.

Employee Relations

The University employed approximately 2,798 people (other than faculty) in the following capacities as of January 31, 2011:

	<u>Full-Time</u>	<u>Part-Time</u>
Administrative/Technical/Professional	949	166
Clerical (Local 153)	256	12
Maintenance (Local 805)	183	58
Graduate Assistant	0	359
Hourly	<u>0</u>	<u>815</u>
Total	1,388	1,410

The University has collective bargaining agreements with the Office and Professional Employee International Union, Local 153, an affiliate of the AFL-CIO, for its clerical, secretarial and select technical positions, and the Fordham University Employees, Local 805, an affiliate of the International Brotherhood of Teamsters, which represents physical plant and post office employees at all three campus locations. The agreements terminate on June 30, 2014 and June 30, 2012, respectively. The University considers its relationship with its employees to be good.

The Fordham Faculty are not unionized but make their concerns known to the administration through the Fordham Faculty Senate.

OPERATING INFORMATION

Undergraduate Admissions

The number of applications for freshman undergraduate admission to Fordham University has grown from 12,801 for fall 2003 to 27,676 for fall 2010, an increase of 14,875 or 116%.

The following table illustrates the number of applications received for first-time full-time admission to Fordham's undergraduate programs, the number of applicants accepted by the University and the number of successful applicants who enrolled, for each of the last five academic years:

ADMISSIONS STATISTICS*

	<u>Fall 2006</u>	<u>Fall 2007</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>
Freshman Applications	18,161	22,035	23,892	24,557	27,676
Freshman Acceptances	8,447	9,281	11,172	12,181	14,020
Percentage Accepted	47%	42%	47%	50%	51%
Freshman Matriculants	1,722	1,784	1,904	1,835	1,895
Percentage (Matriculants divided by Acceptances)	20%	19%	17%	15%	14%
Yield (Matriculants divided by Applications)	9%	8%	8%	7%	7%

* Excludes Marymount College.

Student Enrollment

Total enrollment was 15,158 in fall 2010, with 11,517 full-time students and 3,641 part-time students.

As a result of the University’s effort at broadening its student body, the geographic diversity of the entering classes has also widened. In 2003, 53% of freshmen were from New York State and by 2010 the figure had declined to approximately 40%.

The following table details enrollment for Fordham University for the past five academic years:

TOTAL ENROLLMENT

Fall	Full-Time			Part-Time²			Grand Total Full- & Part-Time
	<u>Undergraduate</u>	<u>Graduate & Professional</u>	<u>Total</u>	<u>Undergraduate</u>	<u>Graduate & Professional</u>	<u>Total</u>	
2006	7,420	3,394	10,814	802	3,637	4,439	15,253
2007	7,307 ¹	3,364	10,671	588	3,432	4,020	14,691
2008	7,359	3,439	10,798	635	3,233	3,868	14,666
2009	7,370	3,538	10,908	580	3,056	3,636	14,544
2010	7,601	3,916	11,517	619	3,022	3,641	15,158

¹ Decline in full-time student enrollment is a result of the closure of Marymount College.

² Decline in part-time student enrollment is a result of the University no longer counting students that audit courses as part-time students.

Since fall 2006, the averaged recentered SAT score has risen from 1,201 to 1,247 in fall 2010.

MEAN SAT SCORES ENTERING FRESHMEN*

Fall	Verbal	Math	Total
2006	602	599	1,201
2007	614	609	1,223
2008	613	614	1,228
2009	619	620	1,239
2010	622	624	1,247

* Excludes Marymount College.

Student Charges

The following tables detail tuition and room charges for undergraduate, Fordham College of Liberal Studies for continuing education (formerly Ignatius College) and graduate and professional students for the academic years 2006-07 to 2010-11:

	<u>STUDENT CHARGES</u>				
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Tuition:					
Full-Time Undergraduate	\$30,000	\$31,800	\$34,200	\$35,825	\$37,545
Fordham College of Liberal Studies Per Credit	\$600	\$625	\$650	\$675	\$700
Graduate Arts and Sciences Per Credit	\$960	\$995	\$1,120	\$1,190	\$1,230
Law School					
J.D. Full-time (Flat Rate)	\$36,670	\$38,900	\$41,500	\$44,370	\$45,850
J.D. Part-time (Flat Rate)	\$27,500	\$29,175	\$31,125	\$33,280	\$34,390
Other Professional Schools Range Per Credit	\$600-\$875	\$630-\$950	\$650-\$1,010	\$670-\$1,061	\$693-\$1,109
Room Rates	\$13,695	\$14,465	\$15,280	\$16,140	\$17,050

The University anticipates increases in tuition and room and board charges will approximate the pattern of the past several years, which the University believes will not have a material adverse impact on student enrollment. The University believes such increases are comparable to those that can be expected at universities which compete with Fordham for students.

Student Financial Aid

Fordham administers a comprehensive financial assistance program of scholarships, grants, loans and a work study program for its students. The following table illustrates the sources and amounts of financial aid received by graduate and undergraduate students for the past five academic years:

	<u>SCHOLARSHIPS AND GRANTS FROM ALL SOURCES BY SOURCE*</u>				
	(in millions)				
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Total Scholarships and Grants	\$98.1	\$100.6	\$107.1	\$114.4	\$125.0
Federal	8.9	8.9	9.5	10.1	11.8
State	0.8	0.9	0.9	0.9	1.1
External/Other	2.3	2.3	2.6	1.5	0.9
Fordham Funded (Institutional)	86.1	88.5	94.1	101.9	111.2

*Aid includes awards for the fall and spring given to undergraduates who enrolled in the fall term. It does not include assistance for the summer term, aid to graduate or professional students, or awards to undergraduates who do not enroll for the fall term. Also, the statistics exclude Marymount College. The Fordham funds consist of awards based on need, merit, or athletics, as well as tuition remission for employees. The data were extracted in March or early April, before the end of the fiscal year in order to satisfy the deadlines of college guides. The awards extracted at that time are close to those extracted after the end of the fiscal year.

In addition to scholarships and grants, \$36.4 million in student loans and \$3.3 million for work study was available to students in 2009-2010. Student loans and work study are provided by the University, as well as by the state and federal governments. Approximately 15% of undergraduate student financial aid comes from federal and state government programs. Reductions in federal or state aid programs, including student loan programs, or restrictive changes in eligibility requirements could adversely affect all students requiring financial assistance, including students receiving such aid at Fordham. However, the University does not believe that reductions or restrictions in any specific federal or state program would disproportionately affect Fordham students, as compared with those at other universities with which Fordham competes for its student body. Future payments of state funded financial aid are dependent on the enactment of annual appropriations and the ability of the State of New York to pay the sums appropriated.

Faculty

Of the full-time faculty members, more than 96% hold Ph.D. or other terminal degrees: 60% are men, 40% are women and 15% are members of racial minorities. The full-time faculty is comprised of 205 Professors, 228 Associate Professors, 179 Assistant Professors and 55 Instructors/Lecturers/Other. The undergraduate student/faculty ratio is 12.9:1.

The following table sets forth the faculty profile for the past five academic years:

FACULTY PROFILE

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Full-time	654	667	686	723	699
Part-Time & Adjunct	<u>649</u>	<u>730</u>	<u>509</u>	<u>687</u>	<u>681</u>
Total	1,303	1,397	1,195	1,410	1,380
Tenured	378	376	374	378	382

ANNUAL FINANCIAL STATEMENT INFORMATION

Annual Financial Statement Presentation

The University's financial statements for the fiscal years ended June 30, 2009 and 2010, included herein as Appendix B, have been audited by KPMG LLP, independent auditors, as indicated in their report thereon, which is also included in Appendix B.

The following table provides a summary of the changes in net assets of the University for each of the five years ended June 30, 2006 through 2010 and a summary of the financial position of the University as of the last day of each fiscal year from June 30, 2006 through June 30, 2010. The following tables should be read in conjunction with the financial statements and the notes thereto included herein as Appendix B.

Summary of Changes in Net Assets
Years Ended June 30,
(in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating revenues:					
Tuition and fees, net	\$259,222	\$273,466	\$284,370	\$307,187	\$327,612
Government grants	18,921	22,680	17,100	18,502	26,641
Investment return	13,818	17,711	15,823	17,243	13,257
Contributions and private grants	21,092	22,064	19,714	16,048	17,205
Auxiliary enterprises	47,998	49,330	51,636	50,238	52,596
Other revenue	18,449	9,722	14,072	15,025	13,380
Net assets released from restriction	7,266	7,384	6,188	8,239	8,859
Total operating revenue	<u>386,766</u>	<u>402,357</u>	<u>408,903</u>	<u>432,482</u>	<u>459,550</u>
Operating expenses:					
Program Services:					
Instruction	137,021	143,943	151,999	164,987	167,217
Research	9,187	8,762	11,707	10,806	13,415
Public service	7,079	10,172	16,332	17,666	17,576
Academic support	51,157	54,693	56,542	60,032	59,665
Student services	42,806	46,460	49,141	50,145	52,871
Auxiliary enterprises	49,650	52,162	54,253	57,627	62,262
Total program services	<u>296,900</u>	<u>316,192</u>	<u>339,974</u>	<u>361,263</u>	<u>373,006</u>
Supporting services:					
Institutional support	50,875	52,973	56,076	60,275	60,041
Total operating expenses	<u>347,775</u>	<u>369,165</u>	<u>396,050</u>	<u>421,538</u>	<u>433,047</u>
Net operating revenue	38,991	33,192	12,853	10,944	26,503
Nonoperating activities:					
Investment return	7,643	33,756	(27,305)	(83,571)	20,282
Effect of refunding and defeasance of debt	(7,358)	-	(1,934)	-	-
Change in value of interest rate swap	6,106	(407)	(6,125)	(6,268)	(4,624)
Marymount College closing expenses	(4,015)	(1,108)	(1,858)	-	-
Adjustment to student accounts receivable	-	-	-	(9,553)	-
Effect of adoption of FASB Statement 158	-	(5,869)	-	-	-
Cumulative effect of a change in accounting principle	(3,190)	-	-	-	-
Gain (loss) not yet recognized as a component of net periodic benefit cost	-	-	16,570	362	(3,883)
Change in unrestricted net assets	<u>38,177</u>	<u>59,564</u>	<u>(7,799)</u>	<u>(88,086)</u>	<u>38,278</u>
Changes in temporarily restricted net assets:					
Contributions and private grants, net	9,777	8,883	35,340	27,080	6,222
Investment return	15,297	26,209	(11,213)	(36,441)	2,156
Net assets released from restriction	(7,266)	(7,384)	(6,188)	(8,239)	(8,859)
Change in provision on contributions receivable	(1,148)	-	-	-	-
Change in temporarily restricted net assets	<u>16,660</u>	<u>27,708</u>	<u>17,939</u>	<u>(17,600)</u>	<u>(481)</u>
Changes in permanently restricted net assets:					
Contributions	17,941	17,028	8,493	4,802	12,975
Investment return	598	723	(695)	(683)	1,332
Appreciation (depreciation) in fair market value of perpetual trust	25	1,053	(453)	(1,921)	383
Change in provision on contributions receivable	(1,127)	(234)	-	-	-
Change in permanently restricted net assets	<u>17,437</u>	<u>18,570</u>	<u>7,345</u>	<u>2,198</u>	<u>14,690</u>
Increase (decrease) in net assets	72,274	105,842	17,485	(103,488)	52,487
Net assets at beginning of year	<u>560,650</u>	<u>632,924</u>	<u>738,766</u>	<u>756,251</u>	<u>652,763</u>
Net assets at end of year	<u>\$632,924</u>	<u>\$738,766</u>	<u>\$756,251</u>	<u>\$652,763</u>	<u>\$705,250</u>

Summary of Financial Position
June 30,
(in thousands)

Assets	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Cash and cash equivalents	\$ 724	\$ 1,109	\$ 1,006	\$ 1,660	\$ 2,139
Accounts and grants receivable:					
Students, net	14,030	14,981	15,559	7,042	12,641
Government	4,602	3,861	4,962	5,246	6,957
Other	10,887	9,896	13,150	8,002	6,955
Contributions receivable, net	33,904	32,221	57,286	70,564	59,227
Prepaid expenses and other asset	9,614	9,502	3,567	4,168	4,291
Investments	402,999	513,303	472,546	372,366	396,281
Student loans receivable, net	14,015	14,548	15,039	15,525	15,656
Deposits with bond trustees	5,194	5,474	3,164	53,382	6,757
Bond issuance costs	4,608	4,289	3,537	6,967	6,679
Investment in plant assets, net	448,080	475,526	487,281	560,196	629,865
Total assets	<u>948,657</u>	<u>1,084,710</u>	<u>1,077,097</u>	<u>1,105,118</u>	<u>1,147,448</u>
Liabilities and net assets					
Liabilities:					
Accounts payable and accrued expenses	53,657	61,000	67,018	77,606	72,913
Loans Payable	-	10,000	-	10,000	10,000
Deferred revenue an deposits	17,685	25,436	23,983	24,107	20,630
Amounts held for others	2,352	2,209	2,044	2,047	2,958
U.S. Government and refundable advances	4,980	5,113	5,022	4,861	4,711
Postretirement benefits other than pensions	33,261	42,772	29,821	32,023	38,869
Long-term debt	203,798	199,414	192,958	301,711	292,117
Total liabilities	<u>315,733</u>	<u>345,944</u>	<u>320,846</u>	<u>452,355</u>	<u>442,198</u>
Net assets:					
Unrestricted	335,407	394,971	387,172	299,086	337,364
Temporarily restricted	151,530	179,238	197,177	179,576	179,095
Permanently restricted	145,987	164,557	171,902	174,101	188,791
Total net assets	<u>632,924</u>	<u>738,766</u>	<u>756,251</u>	<u>652,763</u>	<u>705,250</u>
Total liabilities and net assets	<u>\$948,657</u>	<u>\$1,084,710</u>	<u>\$1,077,097</u>	<u>\$1,105,118</u>	<u>\$1,147,448</u>

Budget Process

The University's annual budget process begins in September of each year with the review of budget guidelines developed in prior years. Those guidelines are modified and new guidelines are developed, as appropriate, to conform with identified priorities, commitments and goals established for the upcoming year. The process includes a review of historical revenue and expense trends and the financial projections for the current fiscal year.

Initial revenue projections for budget planning are based on projected future enrollments and tuition and fee charges, consistent with the University's expectation of market conditions. The initial expenditure projections are made for salary and benefit costs and expected student financial aid requirements. At the February board meeting, the Board of Trustees adopts the specific undergraduate tuition rates and gives management the authority to set graduate tuition rates consistent with the needs of each school and the University as a whole.

Detailed departmental budgets are developed by the University's vice presidents and the Provost in consultation with the Budget Office. These departmental budget allocations are finalized for presentation as a university-wide budget to the Board of Trustees at its spring meeting.

In addition to the budgets for the upcoming fiscal year, a summary of the overall university-wide budgets for the next four fiscal years is presented to the Board of Trustees. These summary budgets include currently identified goals and priorities and form the basis for the next budget cycle.

Once the fiscal year begins, budget performance is monitored through monthly reporting of actual revenues and expenses which are compared to budgeted amounts and reviewed by departmental budget administrators and senior University management. Periodic reporting and management analysis is presented to the Board of Trustees.

Management Discussion of Recent Financial Performance

The University's financial management is characterized by long-range planning within the context of its strategic plan. The central element of the financial management process is a form of school-based budgeting adapted by Fordham in recognition of the need to fully involve each of the University's components in the budgetary process. This budget process provides incentives for each school within the University to meet or exceed their budgets. The budget and planning process also provides for the allocation of sufficient resources to enhance and preserve the University's capital facilities. The effectiveness of this process is evidenced in the fact that Fiscal Year 2010 represented the 41st consecutive year during which the University achieved an operating surplus.

Fiscal Year 2010 Results

The University's operating revenues for the 2010 fiscal year totaled \$459.6 million, while operating expenses totaled \$433.0 million resulting in a surplus of \$26.5 million for the year. The change in unrestricted net assets from operating activities increased by \$26.5 million, representing a 5.8% operating margin. Unrestricted operating revenues increased 6.2% to \$459.6 million reflecting strong enrollment. Net tuition revenue grew by 6.6%. Operating expenses increased 2.7% to \$ 433.0 million. Total contributions were \$36.4 million in fiscal 2010, compared to \$47.9 million the year before. Total assets grew by \$42.3 million, or 3.8%, to approximately \$1,147.4 million; net assets increased 8.0% to \$705.3 million. Cash and investments increased \$24.4 million or 6.5% to \$398.4 million. Long-term debt decreased 3.2% to \$292.1 million.

The University ended fiscal year 2010 with an insured replacement value for buildings, furnishings, and equipment of over \$1 billion. Since June 30, 2010, there has been no material adverse change in the financial condition of the University.

As of June 30, 2010, the University's Debt Service Coverage Ratio was reported at 3.1:1 and the University's Expendable Resources to Debt Ratio was reported at 0.59:1.

Fiscal Year 2011 Operating Budget

The University has historically adopted operating budgets on a balanced basis and achieved a surplus through careful management and budgeting for contingencies and reserves. The University's 2011 operating budget includes a planned surplus of approximately \$130,000 and an allocation of \$16.5 million for strategic initiatives. In addition, a University-wide contingency fund of \$1,000,000 has been included to cover the impact of underwater endowments and other unforeseen circumstances. Total operating revenues net of financial aid were budgeted to improve by 4.8% over amounts projected for fiscal 2010. This increase is driven primarily by an increase in net tuition revenue of \$13.9 million, or 4.1%. Undergraduate tuition increased from \$254.6 million to \$272.4 million driven primarily by a 4.8% increase in the tuition rate plus a planned increase in enrollment made possible by the new student housing at the Rose Hill campus. At the graduate level, tuition was budgeted to increase from \$163.7 million to \$169.5 million. The graduate schools have increased their tuition rates between 3.5% and 5.0%. Total operating expenses were budgeted to increase by 5.9% over levels projected for the 2010 fiscal year, reflecting salary increases for the faculty and staff and provision for increased expenses related to the new residence hall.

As of February 1, 2011, the University is projecting an operating surplus for the 2011 fiscal year of over \$13 million due primarily to greater than expected enrollments. The University budgeted \$27 million in its 2011 Capital Budget. The budget provides for the maintenance of existing facilities and also allows for the updating of science labs, classrooms and information technology resources. It also includes initial funding for the renovation of Hughes Hall on the Rose Hill campus as the new home for the Gabelli School of Business. The University remains committed to ensuring its long-term fiscal health through a rigorous budgeting process and through a commitment to making the investments necessary to deliver a strong academic program to our students.

State Aid

The University benefits from a program of the State of New York whereby State aid is allocable to certain not-for profit institutions of higher education based on the number of academic degrees conferred during the previous year. During the 2009 and 2010 fiscal years, the University received from the State \$1,476,369 and \$935,378, respectively, under this program. Future payments by the State are dependent on the enactment of annual appropriations by the State Legislature and the ability of the State to pay the sums appropriated.

Pension and Other Postretirement Plans

Employees of the University are covered under a defined contribution retirement plan administered by either the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), Fidelity Investments Tax Exempt Company, or Prudential Defined Contribution Services, at each employee's option. The University accrues the cost of these defined contribution plans currently. The University's contributions for retirement benefits for its employees totaled \$13,351,000 and \$12,725,000 for the years ended June 30, 2010 and 2009, respectively.

In addition to providing pension benefits, the University provides certain health care and life insurance benefits for retired faculty and administrative employees who meet certain minimum age and length of service requirements. The cost of providing these benefits is recognized as they are earned by the employees.

In 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the "Health Care Acts") were signed into law by President Obama. The Health Care Acts include several provisions that may affect an organization's postretirement benefit plans, including imposing an excise tax on high cost coverage, eliminating lifetime and annual coverage limits, reducing subsidies to Medicare Advantage plans and imposing inflation-adjusted fees of \$2.00 (\$1.00 in fiscal year 2013) for each person covered by a health insurance policy for each policy plan year ending after September 30, 2012 through September 30, 2019. The University has evaluated the effects of the Health Care Acts on the University's postretirement plan (which is unfunded) and concluded that, to the extent they are determinable, the effects of the Health Care Acts on the University's financial statements are currently immaterial.

Net periodic benefit cost for fiscal year 2010 totaled \$2,982,000, which consisted of \$2,166,000 and \$1,919,000 of service cost and interest cost, respectively, offset by the amortization of \$1,103,000 in net actuarial gains. The University expects to continue to fund such benefit costs principally on a pay-as-you-go basis. Payments

made by the University for these benefits net of participants' contributions were \$1,122,000 in 2010 and \$1,145,000 in 2009. The accumulated postretirement benefit obligation at June 30, 2010 of \$38,869,000 consisted of \$9,677,000 for retirees, \$12,888,000 for active eligible employees and \$16,304,000 for other active employees.

Gifts

The Office of the Vice President for Development and University Relations is responsible for developing and executing plans for fund raising to support endowment growth, capital expenditures, and the operating budget of the University. Sources of gifts are alumni, corporations, foundations and friends. The estimated undergraduate alumni participation rate is 27% and the estimated total alumni participation rate is 21%. The University is currently engaged in a major capital campaign, which seeks to raise \$500 million by 2016. As of January 31, 2011, the University had raised approximately \$400 million, of which \$165 million has been received in cash.

The following table shows the total amount of contributions and private grants, including pledges, by donor restrictions received by the University during the fiscal years indicated:

<u>Fiscal Year</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2006	\$21,092,203	\$9,777,103	\$17,941,152	\$48,810,458
2007	22,063,881	8,882,917	17,028,063	47,974,861
2008	19,714,302	35,340,384	8,486,471	63,541,157
2009	16,048,430	27,080,208	4,803,276	47,931,914
2010	17,204,783	6,221,443	12,974,836	36,401,062

Investment Performance

The table below summarizes the fair values for the University's investments for each of the last five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Fair Values at June 30</u>	<u>Dividends and Interest, Net of Expenses</u>	<u>Net Realized and Unrealized Gains</u>
2006	\$402,998,599	\$6,590,271	\$30,765,678
2007	513,303,488	9,050,430	69,348,844
2008	472,545,883	6,845,962	(30,236,379)
2009	372,365,640	2,007,532	(105,459,399)
2010	396,281,058	4,010,096	33,017,835

The fair values of the investments are determined based on quoted market prices or estimated fair values provided by external managers and general partners in the case of limited partnership investments. These estimated values are reviewed and evaluated by the University.

The University's invested funds, including cash and cash equivalents, had a fair value of approximately \$438 million (unaudited) as of January 31, 2011, held primarily in the University's Endowment Investment Pool. The Pool is made up of approximately 845 individual accounts that are invested jointly, but accounted for separately to assure compliance with donor restrictions. The table below shows the annual returns for the University's Investment Pool for the last five fiscal years.

Annual Investment Returns

	Fiscal Year Ending June 30,				
	2006	2007	2008	2009	2010
Annual Return	10.8%	19.2%	(4.3)%	(22.1)%	15.3%

The Investment Committee of the Board is responsible for overseeing the University's investment program. The Committee is responsible for establishing investment policy and asset allocation; retaining and overseeing external investment managers and consultants; and monitoring the implementation and performance of the investment program. The University has established the position of Chief Investment Officer and it is in the final stages of filling that position.

The Investment Committee has established a long-term asset allocation policy that provides for target allocations of 50% to public equities, 20% to fixed income investments, 20% to alternative investments, including hedge funds and private equity and 10% to real assets.

As of June 30, 2010, the University had outstanding commitments for alternative investments of \$15,062,525.

Plant Values

The following table shows the book value of the physical plant of the University for the past five fiscal years.

	Plant Assets As of June 30, (in thousands)				
	2006	2007	2008	2009	2010
Land and land improvements	\$ 36,395	\$ 35,603	\$31,149	\$31,419	\$32,045
Buildings and building improvements	416,678	478,477	472,112	490,834	505,513
Furnishings, equipment and library collections	154,842	166,027	173,654	181,016	203,834
Construction in progress	46,192	21,304	53,829	115,609	165,436
Total	\$654,107	\$701,411	\$731,014	\$818,877	\$906,828
Less: Accumulated depreciation	(206,027)	(225,885)	(243,733)	(258,682)	(276,963)
Total	\$448,080	\$475,526	\$487,281	\$560,196	\$629,865

The University presently carries, under blanket policies, insurance on its buildings and their contents, excluding building foundations and land, at 100% of the estimated replacement cost of all buildings and facilities.

Capital Plan

The University has commenced construction on a new Law School and 430 bed residence hall on its Lincoln Center campus. That building will be financed in part by proceeds of the Series 2011 Bonds. The University has also begun renovation of Hughes Hall on its Rose Hill campus. That building had most recently served as a student residence hall and will be renovated to be the primary location for the University's Gabelli School of Business. There are no other major near-term capital projects planned. The University has developed a preliminary long-term capital plan for the Rose Hill Campus, which includes the renovation of the Lombardi Center and the construction of

a new campus center and a student recreation center. The scheduling of these projects and their sources of financing are under review by the University.

Outstanding Indebtedness and Other Obligations

The following table presents a summary of the University's outstanding long-term indebtedness as of June 30, 2010. Certain pledges of University tuition and fees will have priority over the pledge of tuition and fees to secure the Series 2011 Bonds, and they are noted in a footnote to this table.

Loan	Interest Rate	Final Maturity Date	Amount Outstanding ⁽¹⁾
Dormitory Authority Fordham University Insured Revenue Bonds (Series 1998) ⁽²⁾	4.50% - 5.00%	2028	\$6,615,000
Dormitory Authority Fordham University Insured Revenue Bonds (Series 2002) ⁽²⁾	3.25% - 5.00%	2032	48,990,000
Dormitory Authority Fordham University Insured Revenue Bonds (Series 2004) ⁽²⁾	2.00% - 5.00%	2023	20,210,000
Dormitory Authority Fordham University Revenue Bonds (Series 2008A) ⁽³⁾	Variable	2032	95,470,000
Dormitory Authority Fordham University Revenue Bonds (Series 2008B) ⁽³⁾	3.00% - 5.00%	2038	111,165,000
U.S. Department of Education	3.00%	2022	1,718,069
Capitalized Lease Obligations	2.00 - 14.00%	2010	<u>\$1,114,736</u>
Total			<u>\$285,282,805</u>

⁽¹⁾ Unamortized net premium of \$6,834,566 not included.

⁽²⁾ Represents indebtedness secured by the Prior Pledges of tuition and fees.

⁽³⁾ Represents indebtedness secured by the Parity Pledges of tuition and fees.

The Authority Series 2008A, 2008B, 2004, 2002 and 1998 Bonds mature in varying amounts through July 1, 2038. The 1998 Bonds are secured by mortgages on certain of the University's property. Each series of bonds is secured by pledges of dormitory and tuition revenues equal to the maximum annual debt service requirements on the applicable series of bonds.

U.S. Department of Education note is due in semiannual installments through November 2022. The note is secured by the properties financed.

Capitalized lease obligations relate to computer equipment purchased by the University.

In 2005 in connection with the issuance of the Series 2005 Bonds, the University entered into an interest rate swap agreement with Merrill Lynch Capital Services, Inc. ("MLCS"), which is related to Merrill Lynch, Pierce, Fenner & Smith Incorporated. Under the terms of the original interest rate swap agreement, the University paid a

fixed rate of 3.24%, and received a variable rate based on 67% of one-month LIBOR on the original notional amount of \$95,750,000, which notional amount would have reduced over time consistent with the amortization of the Series 2005 Bonds. Certain of the University's net periodic payment obligations under the interest rate swap agreement were insured by XL Capital Assurance Inc. ("XL Capital"). On May 21, 2008 the Authority issued its \$96,895,000 Fordham University Revenue Bonds, Series 2008A to refund the Authority's Fordham University Insured Revenue Bonds, Series 2005A and to pay costs of issuance.

The University and MLCS amended the original agreement so as to modify the notional amount to be equal to the principal amount of the Series 2008A Bonds and to reduce the notional amount over time consistent with the amortization of the Series 2008A Bonds. The fixed rate to be paid by the University under the amended agreement is 3.2475% per annum. None of the University's payment obligations under the amended agreement will be insured by XL Capital.

Under certain circumstances, the University may be required to post collateral to secure its obligations under the swap agreement, and the swap agreement may be terminated by the University or by MLCS. Upon termination, the University may be liable to pay a termination payment, which termination payment could be substantial. The estimated termination payment that would have been paid by the University if the swap agreement had been terminated on June 30, 2010 (i.e., the "mark-to-market" valuation) is included in the University's financial statements and the amount of such a termination payment changes from time to time. The unaudited mark-to-market valuation at March 17, 2011 was (\$8,310,073).

MLCS has no obligation to make any payments with respect to the principal of, premium, if any, or interest on the Series 2008A Bonds, and is only obligated to make certain payments to the University pursuant to the terms of the amended interest rate swap agreement. Neither any holder of the Series 2008A Bonds nor any other person other than the University shall have any rights under the interest rate swap agreement or against MLCS.

The University has a \$20,000,000 committed unsecured line of credit with Bank of America, N.A. As of the date hereof, the University had no outstanding borrowings under this line of credit.

Financial Advisor

The University has retained Public Financial Management, Inc. of New York, New York, as Financial Advisor in connection with the issuance and sale of the Series 2011 Bonds. Although Public Financial Management, Inc. has assisted in the preparation of the Official Statement, Public Financial Management, Inc. is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

LITIGATION

There is no litigation pending or, to the knowledge of the University, threatened in any court, agency or other administrative body to which the University is a party, wherein an unfavorable decision would adversely affect the ability of the University to enter into the Loan Agreement and carry out its obligations thereunder or which would in the aggregate have a material adverse impact on the financial condition or operation of the University.

PART 7 — THE AUTHORITY

Background, Purposes and Powers

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services (“BOCES”), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the Department of Audit and Control, facilities for the aged and certain judicial facilities for cities and counties. The Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

On September 1, 1995, the Authority through State legislation (the “Consolidation Act”) succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the “Agency”) and the Facilities Development Corporation (the “Corporation”), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

The Authority has the general power to acquire real and personal property, give mortgages, make contracts, operate dormitories and other facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, make reasonable rules and regulations to assure the maximum use of facilities, borrow money, issue negotiable bonds or notes and provide for the rights of their holders and adopt a program of self-insurance.

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)

At March 31, 2011, the Authority had approximately \$43.4 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant

to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority's bonds and notes include both special obligations and general obligations of the Authority. The Authority's special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority's general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at March 31, 2011 were as follows:

	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
Public Programs				
State University of New York				
Dormitory Facilities.....	\$ 2,478,656,000	\$ 1,139,920,000	\$ 0	\$ 1,139,920,000
State University of New York Educational and Athletic Facilities.....	14,369,077,999	6,410,091,657	0	6,410,091,657
Upstate Community Colleges of the State University of New York.....	1,644,630,000	688,210,000	0	688,210,000
Senior Colleges of the City University of New York.....	10,799,906,762	3,565,501,213	0	3,565,501,213
Community Colleges of the City University of New York.....	2,548,418,350	538,098,787	0	538,098,787
BOCES and School Districts.....	2,785,881,208	2,094,945,000	0	2,094,945,000
Judicial Facilities.....	2,161,277,717	692,952,717	0	692,952,717
New York State Departments of Health and Education and Other.....	6,713,455,000	4,519,820,000	0	4,519,820,000
Mental Health Services Facilities.....	8,306,980,000	3,942,415,000	0	3,942,415,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	<u>1,146,845,000</u>	<u>743,800,000</u>	<u>0</u>	<u>743,800,000</u>
Totals Public Programs.....	<u>\$ 53,728,603,036</u>	<u>\$ 24,335,754,374</u>	<u>\$ 0</u>	<u>\$ 24,335,754,374</u>
Non-Public Programs				
Independent Colleges, Universities and Other Institutions.....	\$ 20,260,139,952	\$ 10,783,183,869	\$ 30,730,000	\$ 10,813,913,869
Voluntary Non-Profit Hospitals.....	14,799,954,309	7,495,920,000	0	7,495,920,000
Facilities for the Aged.....	2,010,975,000	720,345,000	0	720,345,000
Supplemental Higher Education Loan Financing Program.....	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs.....	<u>\$ 37,166,069,261</u>	<u>\$ 18,999,448,869</u>	<u>\$ 30,730,000</u>	<u>\$ 19,030,178,869</u>
Grand Totals Bonds and Notes.....	<u>\$ 90,894,672,297</u>	<u>\$ 43,335,203,243</u>	<u>\$ 30,730,000</u>	<u>\$ 43,365,933,243</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At March 31, 2011, the Agency had approximately \$263 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency’s bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at March 31, 2011 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	\$ 3,817,230,725	\$ 0
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 2,480,000
Insured Mortgage Programs	6,625,079,927	256,590,000
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>3,965,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 263,035,000</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 263,035,000</u>

Governance

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

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

The current members of the Authority are as follows:

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

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr.

Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2013.

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2013.

JACQUES JIHA, Ph.D., *Secretary*, Woodbury.

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President / Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and a member of the Board of Directors at Ronald McDonald House of New York. Previously, Mr. Jiha served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. As the state's chief investment officer, he managed the assets of the NY Common Retirement Fund, valued at \$120 billion and was also in charge of all activities related to the issuance of New York State general obligation bonds, bond anticipation notes, tax and revenue anticipation notes, and certificates of participation. Mr. Jiha was the Co-Executive Director of the New York State Local Government Assistance Corporation (LGAC) in charge of the sale of refunding bonds, the ratification of swap agreements, and the selection of financial advisors and underwriters. Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Earlier, Mr. Jiha served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

CHARLES G. MOERDLER, Esq., New York.

Charles Moerdler was appointed as a Member of the Authority by the Governor on March 16, 2010. Mr. Moerdler is a founding partner in the Litigation Practice of the law firm Stroock & Stroock & Lavan LLP. His areas of practice include defamation, antitrust, securities, real estate, class actions, health care, international law, labor law, administrative law and zoning. By appointment of the Appellate Division, First Department, Mr. Moerdler serves as Vice Chair of the Committee on Character and Fitness and as a Member of the Departmental Disciplinary Committee. He served as Commissioner of Housing and Buildings of The City of New York, as a real estate and development consultant to New York City Mayor John Lindsay, as a member of the City's Air Pollution Control Board, and as Chairman and Commissioner of the New York State Insurance Fund. Mr. Moerdler currently serves on the Board of Directors of the New York City Housing Development Corporation as well as the Metropolitan Transportation Authority and is a member of the New York City Board of Collective Bargaining. He holds a Bachelors of Arts degree from Long Island University and a Juris Doctor degree from Fordham University. His current term expires on March 31, 2012.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on December 15, 2008. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's term expired on August 31, 2010 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Ronski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Ronski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department's Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Ronski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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

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

DAVID M. STEINER, Ph.D., Commissioner of Education of the State of New York, Albany; ex-officio.

David M. Steiner was appointed by the Board of Regents as President of the University of the State of New York and Commissioner of Education on October 1, 2009. Prior to his appointment, Dr. Steiner served as the Klara and Larry Silverstein Dean of the School of Education at Hunter College CUNY. Prior to his time with Hunter College, Dr. Steiner served as Director of Arts Education at the National Endowment for the Arts and Chairman of the Department of Education Policy at Boston University. As Commissioner of Education, Dr. Steiner serves as chief executive officer of the Board of Regents, which has jurisdiction over the State's entire educational system, which includes public and non-public elementary, middle and secondary education; public and independent colleges and universities; museums, libraries and historical societies and archives; the vocational rehabilitation system; and responsibility for licensing, practice and oversight of numerous professions. He holds a Doctor of Philosophy in political science from Harvard University and a Bachelor of Arts and Master of Arts degree in philosophy, politics and economics from Balliol College at Oxford University.

NIRAV R. SHAH, M.D., M.P.H., *Commissioner of Health*, Albany; *ex-officio*.

Nirav R. Shah, M.D., M.P.H., was appointed Commissioner of Health on January 24, 2011. Prior to his appointment he served as Attending Physician at Bellevue Hospital Center, Associate Investigator at the Geisinger Center for Health Research in central Pennsylvania, and Assistant Professor of Medicine at the NYU Langone Medical Center. Dr. Shah is an expert in use of systems-based methods, a leading researcher in use of large scale clinical laboratories and electronic health records and he has served on the editorial boards of various medical journals. He is a graduate of Harvard College, received his medical and master of public health degrees from Yale School of Medicine, was a Robert Wood Johnson Clinical Scholar at UCLA and a National Research Service Award Fellow at NYU.

ROBERT L. MEGNA, Budget Director of the State of New York, Albany; ex-officio.

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

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

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

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

PAUL W. KUTEY is the Chief Financial Officer of the Authority. Mr. Kutey oversees and directs the activities of the Office of Finance and Information Services. He is responsible for supervising the Authority's investment program, accounting functions, operation, maintenance and development of computer hardware, software and communications infrastructure; as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Previously, Mr. Kutey was Senior Vice President of Finance and Operations for AYCO Company, L.P., a Goldman Sachs Company, where his responsibilities included finance, operations and facilities management. Prior to joining AYCO Company, he served as Corporate Controller and Acting Chief Financial Officer for First Albany Companies, Inc. From 1982 until 2001, Mr. Kutey held increasingly responsible positions with PricewaterhouseCoopers, LLP, becoming Partner in 1993. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

JEFFREY M. POHL is General Counsel to the Authority. Mr. Pohl is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all Authority financings. He is a member of the New York State Bar, and most recently served as a counsel in the public finance group of a large New York law firm. Mr. Pohl had previously served in various capacities in State government with the Office of the State Comptroller and the New York State Senate. He holds a Bachelor's degree from Franklin and Marshall College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most

recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against the Authority, the Authority believes that these claims and litigation are covered by the Authority's insurance or by bonds filed with the Authority should the Authority be held liable in any of such matters, or that the Authority has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such litigation.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2011 Bonds.

Legislation

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

Environmental Quality Review

The Authority complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder respecting the 2011 Project to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2010. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 8 — LEGALITY OF THE SERIES 2011 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2011 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Series 2011 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 9 — NEGOTIABLE INSTRUMENTS

The Series 2011 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2011 Bonds.

PART 10 — TAX MATTERS

In the opinion of each of Squire, Sanders & Dempsey (US) LLP and KnoxSeaton, Co-Bond Counsel, under existing law: (i) interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Co-Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2011 Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the University contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2011 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, each of Co-Bond Counsel has relied on, among other things, the opinion of General Counsel to the University, regarding the current status of the University as an organization described in Section 501(c)(3) of the Code, which opinion is subject to a number of qualifications and limitations. Co-Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Authority or the University. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2011 Bonds in a manner that is substantially related to the University’s charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2011 Bonds to be included in gross income retroactively to the date of the issuance of the Series 2011 Bonds. Co-Bond Counsel will not independently verify the accuracy of the Authority’s and the University’s certifications and representations or the continuing compliance with the Authority’s and the University’s covenants and will not independently verify the accuracy of the opinion of the University’s counsel.

The opinions of Co-Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent each Co-Bond Counsel’s legal judgment as to exclusion of interest on the Series 2011 Bonds from gross income for federal income tax purposes but are not a guaranty of that conclusion. The opinions are not binding on the Internal Revenue Service (“IRS”) or any court. Co-Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority or the University may cause loss of such status and result in the interest on the Series 2011 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2011 Bonds. The University and, subject to certain limitations, the Authority have each covenanted to take the actions required of it for the interest on the Series 2011 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2011 Bonds, Co-Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds or the market value of the Series 2011 Bonds.

A portion of the interest on the Series 2011 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2011 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income

for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2011 Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2011 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2011 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2011 Bonds will not have an adverse effect on the tax status of interest on the Series 2011 Bonds or the market value of the Series 2011 Bonds.

Prospective purchasers of the Series 2011 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2011 Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Co-Bond Counsel's engagement with respect to the Series 2011 Bonds ends with the issuance of the Series 2011 Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Authority, the University or the owners of the Series 2011 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2011 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2011 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2011 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2011 Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Series 2011A Bonds ("Discount Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2011A Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2011 Bonds ("Premium Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period

to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income. See "Appendix E - Form of Approving Opinions of Co-Bond Counsel."

PART 11 — STATE NOT LIABLE ON THE SERIES 2011 BONDS

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2011 Bonds are not a debt of the State and that the State is not liable on them.

PART 12 — COVENANT BY THE STATE

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

PART 13 — LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2011 Bonds by the Authority are subject to the approval of Squire, Sanders & Dempsey (US) LLP, New York, New York and KnoxSeaton, New York, New York, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2011 Bonds. The proposed form of those opinions is set forth in Appendix E hereto.

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

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2011 Bonds or questioning or affecting the validity of the Series 2011 Bonds or the proceedings and authority under which they are to be issued.

PART 14 — UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2011 Bonds from the Authority at an aggregate purchase price of \$152,283,691.16 (which represents the par amount of the Series 2011 Bonds less the Underwriter's discount of \$646,028.89, plus net original issue premium of \$6,284,720.05) and to make a public offering of Series 2011 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2011 Bonds if any are purchased.

The Series 2011 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The following two sentences have been provided by J.P. Morgan Securities LLC ("JPMS"). JPMS, one of the Underwriters of the Series 2011 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings to the retail customers of UBSFS and CS&Co. at the initial public offering prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Series 2011 Bonds from JPMS at the initial public offering price less a negotiated portion of the selling concession applicable to any Series 2011 Bonds that such firm sells.

PART 15 — CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended ("Rule 15c2-12"), the University has undertaken in a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Bondholders to provide to Digital Assurance Certification LLC ("DAC"), on behalf of the Authority as the Authority's disclosure dissemination agent, on or before 120 days after the end of each fiscal year, commencing with the fiscal year of the University ending June 30, 2011, for filing by DAC with the Municipal Securities Rulemaking Board ("MSRB") and its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 6 - THE UNIVERSITY" of this Official Statement (the "Annual Information"), together with the University's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

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

The University also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices"). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the University, the Trustee or the Authority, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2011 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the University, the Authority or the Trustee has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the University, the Trustee or the Authority and shall not be deemed to be

acting in any fiduciary capacity for the Authority, the University, the Holders of the Series 2011 Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the University, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the University, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority's disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information will consist of the following: (a) operating data and financial information of the type included in this Official Statement in "PART 6 - THE UNIVERSITY" under the headings "OPERATING INFORMATION" and "ANNUAL FINANCIAL STATEMENT INFORMATION" relating to: (1) *student admissions and enrollment*, similar to that set forth in the tables under the table headings, "ADMISSIONS STATISTICS," "TOTAL ENROLLMENT" and "MEAN SAT SCORES ENTERING FRESHMEN;" (2) *tuition and other student charges*, similar to that set forth in the table under the table heading, "STUDENT CHARGES;" (3) *financial aid*, similar to that set forth in the tables under the table heading, "SCHOLARSHIPS AND GRANTS FROM ALL SOURCES BY SOURCE;" (4) *faculty*, similar to that set forth in the table under the table heading, "FACULTY PROFILE;" (5) *maintenance covenants*, similar to that set forth under the heading "Fiscal Year 2010 Results;" (6) *employee relations*, including material information about union contracts and, unless such information is included in the audited financial statements of the University, retirement plans; (7) *investments*, unless such information is included in the audited financial statements of the University; (8) *plant values*, unless such information is included in the audited financial statements of the University; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited financial statements of the University; together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the University and in judging the financial and operating condition of the University.

The Notices include notices of any of the following events (the "Notice Events") with respect to the Series 2011 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, IRS notices or other material events affecting the tax status of the Series 2011 Bonds; (7) modifications to the rights of holders of the Series 2011 Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2011 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the University; (14) merger, consolidation or acquisition of or involving the University, if material; and (15) appointment of a successor or additional trustee, or the change in name of a trustee, if material. In addition, DAC will undertake, for the benefit of the Holders of the Series 2011 Bonds, to provide to the MSRB, in a timely manner, notice of any failure by the University to provide the Annual Information and annual financial statements by the date required in the University's undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the University, the Trustee and/or the Authority, and no person, including any Holder of the Series 2011 Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the University may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2011 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2011 Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2011 Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2011 Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 2011 Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Series 2011 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2011 Bonds will be on file at the principal office of the Authority.

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

PART 16 — RATINGS

Moody's Investors Service ("Moody's") has assigned a rating of "A2" to the Series 2011 Bonds. Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") has assigned a rating of "A" to the Series 2011 Bonds. Such ratings reflect only the views of such rating agencies and any desired explanation of the significance of such ratings or any outlooks or other statements given with respect thereto should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by either rating agency (or both) if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Series 2011 Bonds.

PART 17 — MISCELLANEOUS

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

The agreements of the Authority with Holders of the Series 2011 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2011 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2011 Bonds.

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

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

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

"Appendix A – Certain Definitions," "Appendix C – Summary of Certain Provisions of the Loan Agreement," "Appendix D – Summary of Certain Provisions of the Resolutions" and "Appendix E – Form of Approving Opinions of Co-Bond Counsel" have been prepared by Squire, Sanders & Dempsey (US) LLP, New York, New York, and KnoxSeaton, New York, New York, Co-Bond Counsel.

“Appendix B – Financial Statements of Fordham University and Independent Auditors’ Report” contains the financial statements of the University as of and for the years ended June 30, 2010 and 2009 which have been audited by KPMG LLP, independent accountants as stated in their report appearing therein.

The University has reviewed the parts of this Official Statement describing the University, the Mortgage, the Estimated Sources and Uses of Funds, the 2011 Project and Appendix B. The University, as a condition to issuance of the Series 2011 Bonds, is required to certify that as of the date of this Official Statement, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

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

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CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

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

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

Act means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including, without limitation, by the Healthcare Financing Construction Act, being Title 4-B of the Public Authorities Law of the State of New York, as amended.

Annual Administrative Fee means the fee payable to the Authority during each Bond Year for the general administrative and supervisory expenses of the Authority in an amount more particularly described in Schedule A attached to the Loan Agreement and made a part of the Loan 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 in the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

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

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

Authority Fee means the fee payable to the Authority consisting of all of the Authority's internal costs and overhead expenses attributable to the issuance of the Bonds and the construction of the Project, as more particularly described in Schedule B attached to the Loan Agreement and made a part of the Loan Agreement.

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

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

Appendix A

document; (ii) in the case of the Institution, the person or persons authorized to perform any act or sign any document by or pursuant to a resolution of the Institution's Board of Trustees or its Executive Committee or the by-laws of the Institution; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

Available Moneys means, (a) whenever a Liquidity Facility is required by the Bond Series Certificate relating to the Series 2011 Bonds to be maintained for the Series 2011 Bonds:

(i) proceeds of any Series of Bonds, including, without limitation, Refunding Bonds, or proceeds of other bonds, notes or obligations, issued to refund the Series 2011 Bonds expressly available to pay the principal or Redemption Price of or interest on the Series 2011 Bonds, provided that, as to such proceeds, an opinion of counsel experienced in bankruptcy matters is delivered to the Trustee and each Rating Service then rating the Series 2011 Bonds to the effect that the payment of such proceeds to the holders of the Series 2011 Bonds would not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the holders of the Series 2011 Bonds under 11 U.S.C. § 550(a) if the Authority or the Institution were the debtor in a case under the Bankruptcy Code;

(ii) money derived from drawings under any Credit Facility or Liquidity Facility relating to the Series 2011 Bonds and the investment earnings thereon that are not commingled with any other moneys,

(iii) with respect to Option Bonds, moneys derived from the remarketing of such Bonds that are directly paid to or held by the Tender Agent for the payment of the Purchase Price of such Bonds in accordance herewith,

(iv) money held by the Trustee (other than in the Arbitrage Rebate Fund) and subject to a first-priority perfected lien under the Resolution for a period of at least 123 days (or, in the case of any money provided by a person that is an "insider" of the Institution under 11 U.S.C. §101(31), one year) and not commingled with any moneys so held for less than said period and during which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against, the Authority or the Institution unless such petition or proceeding was dismissed and all applicable appeal periods have expired without an appeal having been filed, and the investment earnings thereon, that are not commingled with any other moneys, or

(v) any money as to which an opinion of counsel experienced in bankruptcy matters is delivered to the Trustee and each Rating Service then rating the Series 2011 Bonds to the effect that the payment of such moneys to the holders of the Bonds as debt service or as the Purchase Price would not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the holders of the Series 2011 Bonds under 11 U.S.C. § 550(a) if the Authority or the Institution were the debtor in a case under the Bankruptcy Code,

and (b) at any other time, any moneys.

Bond or Bonds when used in connection with the Resolution, means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution and, when used in connection with the Loan Agreement, means the Authority's Fordham University Revenue Bonds, Series 2011 authorized by the Resolution and issued pursuant to the Series 2011 Resolutions.

Bond Counsel means Squire, Sanders & Dempsey (US) LLP and KnoxSeaton or an attorney or other law firm appointed by the Authority with respect to a Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

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

Bond Year means, unless otherwise stated in a Series Resolution, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

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

Book Entry Bond means a Bond of a Series authorized to be issued, and issued to and registered in the name of, a Depository for the participants in such Depository or the beneficial owner of such Bond.

Business Day when used in connection with any particular Series 2011 Bonds means a day other than (a) a Saturday and Sunday or (b) a day on which any of the following are authorized or required to remain closed: (i) banks or trust companies chartered by the State of New York or the United States of America, (ii) the Trustee, (iii) the New York Stock Exchange, (iv) the Facility Provider or a Credit Facility or Liquidity Facility, if any, or (v) DTC.

Capital Appreciation Bond means any Bond as to which interest accruing thereon is compounded on each Valuation Date for such Bond and is payable only at the maturity or prior redemption thereof.

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

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

Continuing Disclosure Agreement means the Agreement to provide Continuing Disclosure, entered into in connection with the issuance of the Bonds, by and among the Authority, the Institution, Digital Assurance Certification LLC, as disclosure dissemination agent, and the Trustee, or such other parties thereto designated at such times, providing for continuing disclosure.

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

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of Bonds of a Series, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, a Facility Provider or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Reserve Fund Facility, a Liquidity Facility, a Credit Facility, an Interest Rate Exchange Agreement or a Remarketing Agreement, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Cost or Costs of the Project means costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with a Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of a Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of a Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of a Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of a Project, (vii) any

Appendix A

sums required to reimburse the Institution or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with a Project (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds of a Series prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of a Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant to the Resolution or to the Loan Agreement, a Mortgage, a Liquidity Facility, Credit Facility, a Reserve Fund Facility, an Interest Rate Exchange Agreement or a Remarketing Agreement.

Credit Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Authority is entitled to obtain money to pay the principal and Sinking Fund Installments, if any, of and interest on particular Bonds whether or not the Authority is in default under the Resolution, which is issued or provided by:

(i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;

(ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(iii) the Government National Mortgage Association or any successor thereto;

(iv) the Federal National Mortgage Association or any successor thereto; or

(v) any other federal agency or instrumentality approved by the Authority.

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility in the Resolution. There is no Credit Facility for the Series 2011B Bonds upon the initial issuance thereof.

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

Debt Service Reserve Fund means a reserve fund for the payment of the principal and Sinking Fund Installments, if any, of and interest on a Series of Bonds so designated, created and established by the Authority by or pursuant to a Series Resolution. The Authority has not established a Debt Service Reserve Fund in favor of the Series 2011 Bonds.

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

Deferred Income Bond means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on July 1 and January 1 of each Bond Year.

Depository means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series.

Event of Default when used in connection with the Resolution, means each event described in Section 11.02 of the Resolution summarized in Appendix D under the heading “**Events of Default**” and, when used in connection with the Loan Agreement, means each event described in Section 31(a) of the Loan Agreement summarized in Appendix C under the heading “**Defaults and Remedies.**”

Exempt Obligation means:

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

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

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

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

Federal Agency Obligation means:

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

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

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

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

Government Obligation means:

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

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

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

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

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

Institution means Fordham University, an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State, or any successor thereto.

Appendix A

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

Interest Commencement Date means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year.

Interest Rate Exchange Agreement means (i) an agreement entered into by the Authority or the Institution in connection with the issuance of or which relates to Bonds of a Series which provides that during the term of such agreement the Authority or the Institution is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds and that the Counterparty is to pay to the Authority or the Institution an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related hedge agreements or arrangements.

Liquidity Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, a surety bond, a loan agreement, a Standby Purchase Agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase accordance with the terms of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds, which is issued or provided by:

(i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a savings and loan association;

(ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(iii) the Government National Mortgage Association or any successor thereto;

(iv) the Federal National Mortgage Association or any successor thereto; or

(v) any other federal agency or instrumentality approved by the Authority.

A Liquidity Facility may also be a Credit Facility. There is no Liquidity Facility for the Series 2011B Bonds upon the initial issuance thereof.

Loan Agreement means a Loan Agreement or any other agreement, by and between the Authority and the Institution in connection with the issuance of a Series of Bonds, as the same shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement.

Maximum Annual Debt Service means on any date, when used with respect to the Bonds, the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year assuming that a Variable Interest Rate Bond bears interest at a fixed rate of interest equal to that rate which, in the reasonable determination of an Authorized Officer of the Authority, such Variable Interest Rate Bond would have had to bear as a fixed rate bond to be marketed at par on the date of its initial issuance.

Mortgage means a mortgage granted by the Institution to the Authority in connection with the issuance of a Series of Bonds, if any, in form and substance satisfactory to an Authorized Officer of the Authority, on the Mortgaged Property mortgaged in connection therewith as security for the performance of the Institution's obligations under the Loan Agreement with respect to such Series of Bonds, as such Mortgage may be amended or modified from time to time with the consent of the Authority.

Mortgaged Property means the land or interest therein described in each Mortgage, if any, together with the buildings and improvements thereon or hereafter erected thereon and the furnishings and equipment owned by the Institution located thereon or therein as may be specifically identified in a Mortgage.

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

Outstanding, when used in reference to Bonds of a Series, means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and under a Series Resolution except:

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

"Parity Pledges" means the liens, pledges, charges, encumbrances and security interests in tuition and fees received by the Institution made and given pursuant to agreements entered into by the Institution in connection with the following indebtedness: (i) the Series 2008A Bonds; and (ii) the Series 2008B Bonds.

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

Permitted Collateral means:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations;
- (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations;
- (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one nationally recognized statistical rating service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one nationally recognized statistical rating service no lower than in the second highest rating category; and

Appendix A

(iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a nationally recognized statistical rating service in the highest rating category.

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

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

Permitted Investments means:

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;
- (v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one nationally recognized statistical rating service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;
- (vi) Investment Agreements that are fully collateralized by Permitted Collateral; and
- (vii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Pledged Revenues means an amount equal to the Maximum Annual Debt Service from tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof.

Prior Pledges means the liens, pledges, charges, encumbrances and security interests in tuition and fees received by the Institution made and given pursuant to agreements entered into by the Institution in connection with the following indebtedness: (i) the Series 1998 Bonds; (ii) the Series 2002 Bonds; and (iii) the Series 2004 Bonds.

Project, when used in the connection with the Resolution, means each “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of a Series of Bonds, as more particularly described in a Loan Agreement or a Series Resolution and, when used in connection with the Loan Agreement, means each of the buildings and improvements, and the land appurtenant thereto, more particularly described in Schedule C to the Loan Agreement, acquired, constructed, reconstructed or otherwise renovated or improved with the proceeds of the Bonds; provided, however, such term does not include any of the foregoing if and to the extent that the Bonds are no longer Outstanding.

Provider Payments means the amount, certified by a Facility Provider to the Trustee, payable to such Facility Provider on account of amounts advanced by it under a Reserve Fund Facility, a Credit Facility or a Liquidity Facility, including interest on amounts advanced and fees and charges with respect thereto.

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

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

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

Related Agreements means, in connection with the Bonds, each Remarketing Agreement, any broker-dealer agreement, auction agent agreement and agreement entered into in connection with a Reserve Fund Facility, Credit Facility or Liquidity Facility, to which the Institution is a party.

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

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

Reserve Fund Facility means a surety bond, insurance policy, letter of credit or other financial guaranty or instrument authorized by or pursuant to a Series Resolution establishing a Debt Service Reserve Fund to be delivered in lieu of or substitution of all or a portion of the moneys otherwise required to be held in such Debt Service Reserve Fund.

Resolution means the Authority’s Fordham University Revenue Bond Resolution, adopted by the Authority March 26, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

Revenues means, with respect to a Series of Bonds, all payments received or receivable by the Authority which pursuant to the applicable Loan Agreement are required to be paid to the Trustee for such Series of Bonds (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the

Appendix A

Trustee for deposit to the Arbitrage Rebate Fund), and all amounts received as a consequence of the enforcement of such Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon the Pledged Revenues for such Series of Bonds.

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

Series 1998 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 1998.

Series 2002 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2002.

Series 2004 Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2004.

Series 2008A Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2008A.

Series 2008B Bonds means the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2008B.

Series 2011 Resolutions when used in connection with the Resolution, means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to Article II of the Resolution and, when used in connection with the Loan Agreement, means the Authority's Series Resolutions Authorizing, individually and in the aggregate, \$150,000,000 Fordham University Revenue Bonds, Series 2011 adopted with respect to the Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms of the Resolution.

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

State means the State of New York.

Sub-Series means the grouping of the Bonds of a Series established by the Authority pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series or the Bond Series Certificate related to such Series of Bonds.

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

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

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

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

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

(i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or

(ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate;

provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto and that Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

Variable Interest Rate Bond means any Bond of a Series which bears a Variable Interest Rate; provided, however, that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be a Variable Interest Rate Bond.

Exhibit A to the Loan Agreement Additional Definitions

“Annual Debt Service” means when used in connection with any Indebtedness as of any particular date of calculation the amount required to be paid by the Institution during the then current Fiscal Year to pay the principal, whether at maturity or upon mandatory redemption and prepayment, of and interest on such Indebtedness; **provided, however,** that such amount shall not include principal amounts paid during the then current Fiscal Year from proceeds of refunding obligations.

“Balloon Indebtedness” is Long-Term Indebtedness of which 25% or more in principal amount matures or is mandatorily required to be redeemed or prepaid in any one year.

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

Appendix A

“Expendable Resources” means as of any particular date of calculation the sum of all unrestricted and temporarily restricted net assets (excluding unspent temporarily restricted net assets restricted for the purpose of capital projects as reported in the footnotes to the Institution’s audited financial statements), exclusive of Plant Equity, in each case determined in accordance with generally accepted accounting principles then applicable to the Institution.

“Expendable Resources to Debt Ratio” means the ratio of Expendable Resources to Long-Term Indebtedness.

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

“Indebtedness” means, without duplication, indebtedness for borrowed money incurred or guaranteed by the Institution, whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, including indebtedness under purchase money mortgages, capital leases, installment sales agreements and similar security arrangements which appear as debt on the audited balance sheet of the Institution in accordance with generally accepted accounting principles then applicable to the Institution; provided, however, that Non-Recourse Indebtedness shall not constitute “Indebtedness” for purposes of Section 2(A) of Exhibit A to the Loan Agreement.

“Long-Term Indebtedness” means Indebtedness having an original maturity of greater than one (1) year or Indebtedness on which the Institution has an option to extend the maturity thereof for a period of greater than one (1) year beyond the date of the original incurrence thereof; provided, however, that Non-Recourse Indebtedness shall not constitute “Indebtedness” for purposes of Section 2(B) of Exhibit A to the Loan Agreement.

“Maximum Annual Debt Service” means when used in connection with any Indebtedness as of any particular date of calculation the greatest amount required to be paid by the Institution during the then current or any future calendar year to pay the principal, whether at maturity or upon mandatory redemption and prepayment, of and interest on such Indebtedness.

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

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

“Operating Income Available for Debt Service” means total unrestricted operating revenues *minus* total unrestricted operating expenses, exclusive of depreciation and interest paid, all as shown on the audited financial statements of the Institution stated in accordance with generally accepted accounting principals then applicable to the Institution.

“Plant Equity” means property, plant and equipment, net *minus* Long-Term Indebtedness.

“Refunding Debt” means Long-Term Indebtedness issued or incurred to pay or to provide for the payment of other Long-Term Indebtedness.

“Reporting Date” means the first business day that is 120 days after a Testing Date.

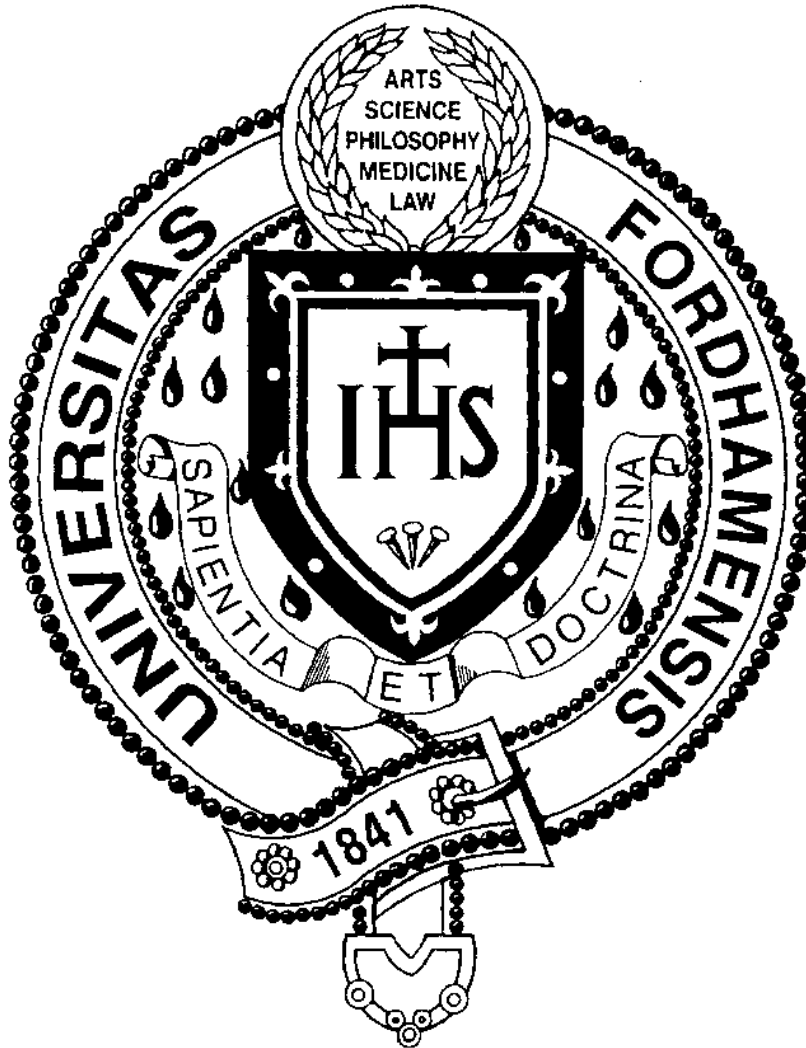
“Short-Term Indebtedness” means any Indebtedness that is not Long-Term Indebtedness.

“Testing Date” means the last day of the Institution’s Fiscal Year.

**FINANCIAL STATEMENTS OF FORDHAM UNIVERSITY AND
INDEPENDENT AUDITORS' REPORT**

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FORDHAM UNIVERSITY



2010 and 2009 FINANCIAL STATEMENTS
with Report of Independent Auditors

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Fordham University:

We have audited the accompanying statements of financial position of Fordham University (the University) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fordham University as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

October 19, 2010

FORDHAM UNIVERSITY
Statements of Financial Position
June 30, 2010 and 2009

Assets	2010	2009
Cash and cash equivalents	\$ 2,138,875	1,659,672
Accounts and grants receivable:		
Students, net (note 5)	12,641,134	7,042,386
Government	6,957,235	5,246,196
Other	6,955,283	8,001,882
Contributions receivable, net (notes 6 and 11)	59,226,790	70,564,525
Prepaid expenses and other assets	4,291,234	4,167,871
Investments (notes 3 and 11)	396,281,058	372,365,640
Student loans receivable, net (notes 5 and 11)	15,656,153	15,524,777
Deposits with bond trustees (notes 10 and 11)	6,756,577	53,382,423
Bond issuance costs (note 10)	6,678,727	6,966,904
Investment in plant assets, net (notes 7 and 10)	629,865,069	560,195,542
Total assets	\$ 1,147,448,135	1,105,117,818
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (note 10)	\$ 72,912,606	77,605,407
Borrowings under line of credit (note 8)	10,000,000	10,000,000
Deferred revenues and deposits	20,629,407	24,107,077
Amounts held for others	2,958,062	2,046,772
U.S. government refundable advances	4,711,423	4,861,235
Postretirement benefit obligation (note 9)	38,869,000	32,023,000
Long-term debt (notes 10 and 11)	292,117,372	301,710,742
Total liabilities	442,197,870	452,354,233
Commitments and contingencies (notes 3, 8, 10, and 15)		
Net assets (notes 4 and 12):		
Unrestricted	337,364,070	299,086,184
Temporarily restricted	179,095,197	179,576,219
Permanently restricted	188,790,998	174,101,182
Total net assets	705,250,265	652,763,585
Total liabilities and net assets	\$ 1,147,448,135	1,105,117,818

See accompanying notes to financial statements.

FORDHAM UNIVERSITY
Statements of Activities
Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Tuition and fees, net (notes 10 and 13)	\$ 327,611,596	307,186,756
Government grants	26,641,458	18,502,329
Investment return (notes 3 and 4)	13,257,380	17,242,911
Contributions and private grants	17,204,783	16,048,430
Auxiliary enterprises, net (note 13)	52,596,112	50,238,341
Other revenues	13,380,001	15,023,964
Net assets released from restrictions	8,858,835	8,239,440
Total operating revenues	<u>459,550,165</u>	<u>432,482,171</u>
Operating expenses (note 14):		
Program services:		
Instruction	167,216,513	164,986,784
Research	13,415,253	10,806,112
Public service	17,576,022	17,665,837
Academic support	59,665,504	60,031,615
Student services	52,870,677	50,145,227
Auxiliary enterprises	62,262,140	57,627,321
Total program services	<u>373,006,109</u>	<u>361,262,896</u>
Supporting services:		
Institutional support	60,040,903	60,275,236
Total operating expenses	<u>433,047,012</u>	<u>421,538,132</u>
Net operating revenue	26,503,153	10,944,039
Nonoperating activities:		
Investment return (note 3)	20,282,201	(83,570,860)
Change in value of interest rate swap (note 10)	(4,624,468)	(6,268,240)
Adjustment to student accounts receivable	—	(9,553,224)
(Loss) gain not yet recognized as a component of net periodic benefit cost (note 9)	(3,883,000)	362,000
Increase (decrease) in unrestricted net assets	<u>38,277,886</u>	<u>(88,086,285)</u>
Changes in temporarily restricted net assets:		
Contributions and private grants, net	6,221,443	27,080,208
Investment return (note 3)	2,156,370	(36,441,073)
Net assets released from restrictions	(8,858,835)	(8,239,440)
Decrease in temporarily restricted net assets	<u>(481,022)</u>	<u>(17,600,305)</u>
Changes in permanently restricted net assets:		
Contributions	12,974,836	4,803,276
Investment return (note 3)	1,331,980	(682,845)
Appreciation (depreciation) in fair value of perpetual trust (note 6)	383,000	(1,921,000)
Increase in permanently restricted net assets	<u>14,689,816</u>	<u>2,199,431</u>
Increase (decrease) in net assets	52,486,680	(103,487,159)
Net assets at beginning of year	<u>652,763,585</u>	<u>756,250,744</u>
Net assets at end of year	<u>\$ 705,250,265</u>	<u>652,763,585</u>

See accompanying notes to financial statements.

FORDHAM UNIVERSITY
 Statements of Cash Flows
 Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 52,486,680	(103,487,159)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Loss (gain) not yet recognized as a component of net periodic benefit cost	3,883,000	(362,000)
Net (gain) loss on investments	(33,017,835)	105,459,399
Provision for doubtful student accounts	3,308,706	1,014,905
Change in provision on contributions receivable	9,786,782	30,706
Depreciation of plant assets	31,722,106	30,761,448
Amortization of bond issue costs and original issue discount/premium	(22,509)	(41,451)
(Appreciation) depreciation in fair value of perpetual trust	(383,000)	1,921,000
Contributions and investment income restricted for permanent investment	(13,402,509)	(4,899,707)
Contributions of marketable securities	(207,006)	(401,433)
Contributions and grants restricted for physical facilities	(15,752,342)	(12,139,000)
Contribution of artwork	(19,408)	(48,833)
Change in value of interest rate swap	4,624,468	6,268,240
Changes in operating assets and liabilities:		
Accounts and grants receivable	(10,621,894)	11,315,378
Contributions receivable, net of permanently restricted and capital components	391,343	(9,217,048)
Prepaid expenses and other assets	(123,363)	(600,449)
Accounts payable and accrued expenses	193,296	7,421,370
Deferred revenues and deposits	(3,477,670)	124,229
Amounts held for others	911,290	2,619
Postretirement benefits other than pensions	2,963,000	2,564,000
Net cash provided by operating activities	<u>33,243,135</u>	<u>35,686,214</u>
Cash flows from investing activities:		
Purchases of investments	(86,546,896)	(196,720,785)
Sales of investments	95,856,319	191,843,062
Purchases of plant assets	(100,289,717)	(102,287,244)
Increase in accounts payable related to capital expenditures	(9,510,565)	(3,102,836)
Increase in student loans receivable, net	(131,376)	(485,606)
Proceeds and payment of receivable from sale of NIT rights	1,050,000	1,050,000
Net cash used in investing activities	<u>(99,572,235)</u>	<u>(109,703,409)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	118,287,807
Bond issuance costs	—	(3,691,156)
Contributions and investment return restricted for permanent investment	13,402,509	4,899,707
Contributions and grants restricted for physical facilities	15,752,342	12,139,000
Decrease (increase) in contributions receivable related to capital projects	1,334,698	(7,039,000)
Decrease in permanently restricted contributions receivable	207,912	1,026,326
Decrease in U.S. government refundable advances	(149,812)	(160,712)
Proceeds under line of credit	—	10,000,000
Retirement of long-term debt	(10,365,192)	(10,572,112)
Decrease (increase) in deposits with bond trustees	46,625,846	(50,218,824)
Net cash provided by financing activities	<u>66,808,303</u>	<u>74,671,036</u>
Net increase in cash and cash equivalents	479,203	653,841
Cash and cash equivalents at beginning of year	<u>1,659,672</u>	<u>1,005,831</u>
Cash and cash equivalents at end of year	<u>\$ 2,138,875</u>	<u>1,659,672</u>
Supplemental disclosures:		
Interest paid, including capitalized interest of \$3,790,653 and \$3,585,492 in 2010 and 2009, respectively	\$ 13,147,811	13,779,191
Acquisition of equipment through capitalized leases	1,082,508	1,340,238

See accompanying notes to financial statements.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

(1) Nature of Operations

Fordham University (the University) is an independent, not-for-profit, coeducational, nonsectarian institution of higher learning in the Jesuit tradition located in the City of New York. The University was founded in 1841 and was granted its charter in 1846 by the State of New York. It is exempt from federal income taxes under the provisions of the Internal Revenue Code, as an organization described in Section 501(c)(3).

The central mission of the University is the discovery of Wisdom and the transmission of Learning, through research and through undergraduate, graduate, and professional education of the highest quality. Guided by its Catholic and Jesuit traditions, Fordham fosters the intellectual, moral, and religious development of its students and prepares them for leadership in a global society.

The University is accredited by the Middle States Association of Colleges and Schools and presently serves approximately 8,000 undergraduate students and 6,700 graduate and professional students.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the University are described below:

(a) *Financial Statement Presentation*

The University prepares its financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes of net assets as follows:

- Unrestricted net assets: Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time.
- Permanently restricted net assets: Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the University, but permit the University to expend all or part of the income derived therefrom.

Revenues and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period are reported as unrestricted revenues. Expiration of temporary restrictions on prior year net asset balances is reported as net assets released from restrictions.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

Contributions, including unconditional promises to give, are reported as revenues in the period received, net of an allowance for uncollectible amounts. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are presented at their discounted present value at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Grants are reported as revenue when expenses are incurred in accordance with the terms of the agreement. Amounts received in advance are recorded as deferred revenue.

Contributions of property and equipment are reported as increases in unrestricted net assets unless the donor places restrictions on their use.

Contributions made towards long-lived assets are held as temporarily restricted until the asset is completed and available for use. At such time, the contribution is considered to be released from restriction and reclassified to unrestricted net assets.

Dividends, interest, and net gains on investments are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of permanently restricted net assets;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the income or net gains; or
- As increases in unrestricted net assets in all other cases.

(b) *Operating Activities*

Operating activities in the accompanying statements of activities include all unrestricted revenues earned and all expenses incurred by the University except for return on investments in excess of (less than) the amount authorized for expenditure by the board of trustees, change in value of interest rate swap, (loss) gain not yet recognized as a component of net periodic benefit cost, and certain nonrecurring activities.

(c) *Cash Equivalents*

Cash equivalents include investments with maturities of three months or less at time of purchase, except for such investments purchased by the University's investment managers as part of their investment strategies.

(d) *Investment in Plant Assets*

The carrying value of land is based upon a determination by the University of the fair value of land owned as of June 30, 1958. Subsequent additions have been capitalized at cost or fair market value at the date of donation in the case of gifts.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

The carrying value of land improvements and buildings and building improvements constructed or acquired prior to June 30, 1969 and furnishings and equipment acquired prior to 1989 is based upon historical cost as estimated by an independent appraiser in 1989. The carrying value of buildings constructed and building improvements made after June 30, 1969 is based upon historical cost or fair market value at the date of donation in the case of gifts. Additions of furnishings and equipment subsequent to the 1989 appraisal and library collections are capitalized at cost or fair market value at the date of donation in the case of gifts.

Depreciation of plant assets is computed on a straight-line basis over their estimated useful lives. Depreciable lives of land improvements and buildings and building improvements range from 5 to 60 years and depreciable lives of furnishings, equipment, and library collections range from 3 to 30 years.

(e) *Deferred Revenues and Deposits*

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

(f) *U.S. Government Refundable Advances*

Funds provided by the U.S. government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are presented in the accompanying statements of financial position as a liability.

(g) *Derivative Instrument*

The University measures its derivative instrument at fair value. The fair value of the derivative held is based upon values provided by third-party financial institutions. It is not held for speculation purposes.

(h) *Expenses*

Expenses are reported as decreases in unrestricted net assets. Costs related to the operation and maintenance of the physical plant, including depreciation of plant assets, are allocated to program (which includes instruction, research, public service, academic support, student services, and auxiliary enterprises) and supporting services (institutional support, which includes management and general and fund-raising expenses) based upon the useable square footage of such facilities. Interest expense is allocated to program and supporting services based upon the purposes of loan or bond proceeds.

(i) *Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include valuation of investments, the interest rate swap, and the post retirement benefit obligation; net realizable value of student tuition and loan receivables and contributions receivable; and the allocation of expenses to programs and supporting services

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

(operation and maintenance, depreciation, and interest). Actual results could differ from those estimates.

(j) *Risks and Uncertainties*

The University invests in various investment securities. Investment securities are exposed to various risks and other factors such as interest rate changes, market fluctuations, and credit risks. Due to the level of fluctuation in values associated with certain investment securities due to these factors, it is reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the statements of financial position in future periods.

(k) *Recently Adopted Accounting Standard*

In 2010, the University adopted the disclosure provisions of Accounting Standards Update No. 2009-12, *Fair Value Measurements and Disclosures – Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, to investments in funds that do not have readily determinable fair values, including nonpublic equity funds, hedge funds, and limited partnerships. Those provisions are illustrated further in note 3.

(l) *Reclassifications*

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

(3) *Investments*

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices. Investments in investment companies (consisting of investments in nonpublic equity funds, hedge funds, and private equity funds) are reflected at fair value as estimated and reported by general partners, based upon the underlying net asset value (practical expedient) of the fund or partnership. These estimated values are reviewed and evaluated by the University.

At June 30, 2010 and 2009, the underlying investments of the nonpublic equity funds and hedge funds consist principally of securities having readily available market quotations, often in long and short positions. In certain private equity funds, including some funds of funds, the underlying investments are generally not actively traded at the time of investment. In these instances, estimated values may differ from the values that would have been reported had a ready market for these securities existed.

Certain investment companies in which the University has invested have imposed restrictions as to the frequency at which the University might redeem, in part or whole, its investment. Redemption frequencies can vary based on a number of criteria, including the liquidity of an investment company's underlying investments or initial investment grace periods.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

The following table summarizes the composition of investments at June 30, 2010 and 2009 at fair value, including redemption information for the University's investments in investment companies:

	<u>2010</u>	<u>2009</u>	<u>Redemptions frequency</u>	<u>Days notice</u>
Cash and cash equivalents	\$ 8,804,228	35,028,612		
U.S. government obligations	3,026,820	11,928,982		
Domestic equities	75,475,581	65,372,907		
Domestic corporate bonds	862,841	891,859		
Equity mutual funds	70,484,688	62,564,644		
Bond mutual funds	26,574,321	37,819,278		
Nonpublic equity funds	67,975,211	58,398,620	Monthly	5 – 45
Hedge funds:				
Long/short	63,611,008	62,923,237	Monthly – Annual	5 – 90
Absolute return	31,512,367	—	Quarterly – Annual	5 – 45
Private equity funds	44,909,290	37,716,184	Illiquid	Not applicable
Derivative contracts	—	(3,112,422)		
Other	3,044,703	2,833,739		
	<u>\$ 396,281,058</u>	<u>372,365,640</u>		

The following descriptions illustrate the categories of the University's investments in investment companies, as defined:

- Nonpublic equity investments: This category includes long-only equity in the United States, international developed markets, and emerging markets. Over the long-term, these investments are expected to reflect a return commensurate with the economic climate in which the University operates.
- Hedge Funds – long/short: Investments that own traditional equities but complement the holdings by being short securities they believe to be overvalued. The short portfolio acts as a hedge during market declines but may also serve as an additional source of investment return. Managers of these funds have the ability to shift between growth and value stocks across all capitalizations.
- Hedge funds – absolute return: Investments that exploit pricing inefficiencies such as companies trading at discounts, and includes funds that employ their investment strategies using both equity and debt securities.
- Private equity funds: Investments in private equity buyout, distressed credit opportunity funds, venture capital funds, international private equity funds, mezzanine funds, and multistrategy funds. Total unfunded commitments for these investments totaled \$12,246,001 and \$7,481,882 at June 30, 2010 and 2009, respectively.

From time to time, the University employs the use of derivatives and other strategies to hedge against certain market risks. Accordingly, derivatives in the investment portfolio at June 30, 2009 include call and put options that may be appropriate in certain circumstances. Since the University does not strive for

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

higher returns through market timing or by making leveraged market bets, derivatives are not used for speculation.

Losses recognized in 2010 and 2009 relating to the derivative instruments totaled \$13.0 million and \$5.8 million, respectively, and are included as a component of investment return in the accompanying statements of activities. They were sold during 2010.

The following summarizes the University's total investment return and its classification in the financial statements for the years ended June 30, 2010 and 2009:

	2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest (net of expenses of \$1,761,254)	\$ 1,488,250	2,094,173	427,673	4,010,096
Net appreciation on investments	<u>32,051,331</u>	<u>62,197</u>	<u>904,307</u>	<u>33,017,835</u>
Total return on investments	33,539,581	2,156,370	1,331,980	37,027,931
Investment return recognized in operating activities	<u>13,257,380</u>	<u>—</u>	<u>—</u>	<u>13,257,380</u>
Investment return greater than amounts recognized in operating activities	<u>\$ 20,282,201</u>	<u>2,156,370</u>	<u>1,331,980</u>	<u>23,770,551</u>
	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest (net of expenses of \$1,521,022)	\$ 49,972	1,861,129	96,431	2,007,532
Net depreciation on investments	<u>(66,377,921)</u>	<u>(38,302,202)</u>	<u>(779,276)</u>	<u>(105,459,399)</u>
Total return on investments	(66,327,949)	(36,441,073)	(682,845)	(103,451,867)
Investment return recognized in operating activities	<u>17,242,911</u>	<u>—</u>	<u>—</u>	<u>17,242,911</u>
Investment return less than amounts recognized in operating activities	<u>\$ (83,570,860)</u>	<u>(36,441,073)</u>	<u>(682,845)</u>	<u>(120,694,778)</u>

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

(4) Endowment Funds

The University's endowment consists of approximately 845 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the University to function as endowments (quasi endowment). At June 30, 2010, the fair values of approximately 261 endowment accounts were less than their original fair value (underwater) by a total of approximately \$20.0 million. At June 30, 2009, the fair values of approximately 386 endowment accounts were also less than their original fair value (underwater) by a total of approximately \$31.5 million.

The University maintains an investment pool for substantially all of its investments. The pool is managed to achieve the maximum prudent long-term total return. The University's board of trustees has authorized a policy designed to preserve the value of these investments in real terms (after inflation) and provide a predictable flow of funds to support operations. This policy permits the use of total return at a rate (spending rate) of 4.0%, of the average quarterly fair value during the three preceding calendar years for the permanently restricted and other board-designated portions of the pool.

The University has interpreted the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and New York State Trust Laws as requiring the preservation of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

Endowment net assets, excluding contributions receivable, consist of the following at June 30, 2010 and 2009:

		2010			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
	Donor-restricted	\$ 19,984,594	53,738,229	175,435,662	249,158,485
	Quasi (board-designated)	109,726,949	12,658,082	—	122,385,031
	Total	\$ 129,711,543	66,396,311	175,435,662	371,543,516
		2009			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
	Donor-restricted	\$ 5,594,536	52,005,752	159,928,702	217,528,990
	Quasi (board-designated)	99,261,252	13,375,513	—	112,636,765
	Total	\$ 104,855,788	65,381,265	159,928,702	330,165,755

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

Changes in endowments for the fiscal years ended June 30, 2010 and 2009 were as follows:

2010				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, June 30, 2009	\$ 104,855,788	65,381,265	159,928,702	330,165,755
Net appreciation (realized and unrealized)	28,682,107	6,012,884	2,410,703	37,105,694
Contributions and board designations	4,254,771	79,094	13,118,306	17,452,171
Appropriation for expenditure	(8,081,123)	(5,076,932)	(22,049)	(13,180,104)
Net assets, June 30, 2010	\$ 129,711,543	66,396,311	175,435,662	371,543,516
2009				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, June 30, 2008	\$ 182,223,110	98,565,396	153,917,125	434,705,631
Net depreciation (realized and unrealized)	(68,542,451)	(26,878,471)	(1,930,500)	(97,351,422)
Contributions and board designations	1,494,446	530	7,963,794	9,458,770
Appropriation for expenditure	(10,319,317)	(6,306,190)	(21,717)	(16,647,224)
Net assets, June 30, 2009	\$ 104,855,788	65,381,265	159,928,702	330,165,755

In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use in enacting legislation. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund in favor of a more robust set of guidelines about what constitutes prudent spending. In September 2010, the State of New York enacted the *New York Prudent Management of Institutional Funds Act*, effective immediately, the effects of which will be reflected in the University's 2011 financial statements. In this context, the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until appropriated for expenditure. Management does not believe that any resulting net asset reclassifications will be operationally significant to the University.

(5) Allowances for Uncollectible Accounts and Loans Receivable

Accounts receivable from students are reported net of an allowance for uncollectible accounts of approximately \$12,780,000 and \$9,806,000 at June 30, 2010 and 2009, respectively.

Student loans receivable are net of an allowance for uncollectible amounts of approximately \$4,073,000 and \$3,680,000 at June 30, 2010 and 2009, respectively.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

(6) Contributions Receivable

Contributions receivable consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Amounts expected to be collected in:		
Less than one year	\$ 24,427,426	26,704,665
One to five years	27,744,817	36,205,049
More than five years	19,820,000	23,940,000
	<u>71,992,243</u>	<u>86,849,714</u>
Less allowance for uncollectible amounts	(15,683,406)	(16,233,190)
Less discount to present value (ranging from 1.79% to 5.00%)	<u>(5,698,038)</u>	<u>(8,067,523)</u>
Subtotal	50,610,799	62,549,001
Funds held in perpetual trust	5,637,000	5,254,000
Charitable remainder trusts	<u>2,978,991</u>	<u>2,761,524</u>
	<u>\$ 59,226,790</u>	<u>70,564,525</u>

The University is a one-thirteenth income beneficiary of a perpetual trust managed by an outside trustee. The present value of the estimated future cash receipts from the trust (which is equivalent to the University's interest in the current fair value of the trust) is recorded as contributions receivable. Changes in the underlying fair value of the assets of the trust are recorded as appreciation/depreciation in fair value of perpetual trust in the accompanying financial statements. Distributions from the trust are recorded as temporarily restricted revenue in the year received.

The University is also a beneficiary of a number of irrevocable charitable remainder trusts held by others. At the dates these charitable remainder trusts are established or the University becomes aware of their existence, contribution revenue and receivables are recognized at the present value of the estimated future benefits to be received when the trust assets are distributed. The receivable is adjusted during the term of the trusts for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

(7) Plant Assets

Plant assets at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Land and land improvements	\$ 32,044,532	31,418,733
Buildings and building improvements	505,513,414	490,834,357
Furnishings, equipment, and library collections	203,833,959	181,015,513
Construction in progress	<u>165,436,396</u>	<u>115,608,637</u>
Total	906,828,301	818,877,240
Less accumulated depreciation	<u>(276,963,232)</u>	<u>(258,681,698)</u>
	<u>\$ 629,865,069</u>	<u>560,195,542</u>

Construction in progress at June 30, 2010 and 2009 is comprised principally of construction costs relating to new residential and academic buildings.

On August 2, 2010, the University entered into an agreement to sell a portion of its real property located in Manhattan. In connection with this agreement, the purchaser transferred an earnest money deposit of \$12.5 million into an escrow account. The earnest money deposit is nonrefundable to the purchaser and is payable to the University, unless the purchase is not completed for certain reasons enumerated in the agreement, in which case the purchaser will be entitled to a refund of the earnest money deposit.

(8) Borrowings under line of credit

The University has one unsecured line of credit, which, at June 30, 2010, provides up to \$20 million of short-term financing. Borrowing against this credit line bears interest at a rate equal to the 30-day LIBOR plus 0.40% at the date of the loan. The University had \$10,000,000 of outstanding borrowings under this line of credit at June 30, 2010 and 2009. Interest expense incurred under this line of credit totaled \$40,381 and \$643,227 in 2010 and 2009, respectively.

(9) Pension and Other Postretirement Benefits

Employees of the University are covered under defined contribution plans. Contributions by the University range from 5% to 11% of an employee's earnings and are determined by the employee's level of earnings and length of service. The University's contributions for retirement benefits for its employees totaled approximately \$13,351,000 and \$12,725,000 for the years ended June 30, 2010 and 2009, respectively.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain minimum age and length of service requirements. The following provides a summary of this unfunded plan as of June 30, 2010 and 2009:

	2010	2009
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 32,023,000	29,821,000
Service cost	2,166,000	1,883,000
Interest cost	1,919,000	1,826,000
Plan participants' contributions	285,000	292,000
Actuarial net loss (gain)	3,883,000	(362,000)
Benefits paid	(1,407,000)	(1,437,000)
Benefit obligation at end of year (funded status)	\$ 38,869,000	32,023,000
Components of net periodic benefit cost:		
Service cost	\$ 2,166,000	1,883,000
Interest cost	1,919,000	1,826,000
Amortization of net gain	(1,103,000)	(1,078,000)
Net periodic benefit cost	\$ 2,982,000	2,631,000

At June 30, 2010, the gain not yet recognized as a component of net periodic benefit cost is \$4,999,000; however, it is estimated that \$157,000 of such gains will be included as a component of net periodic benefit cost in fiscal year 2011.

Information with respect to plan assumptions and estimated future benefit payments follows:

	2010	2009
Benefit obligation weighted average assumptions as of June 30:		
Discount rate	5.27%	6.30%
Rate of compensation increase	3.50	3.50
Benefit cost weighted average assumptions for the years ended June 30, 2010 and 2009:		
Discount rate	6.30%	6.50%
Healthcare cost trend:		
Assumed for the next year	7.50%	8.00%
Ultimate rate	5.00%	5.00%
Year that the ultimate rate is reached	2015	2015
Discount rate	6.30%	6.50%

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

The healthcare cost trend rate assumption has a significant effect on the amounts reported. A 1-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the year ended June 30, 2010:

	<u>1-percentage- point increase</u>	<u>1-percentage- point decrease</u>
Effect on total of service and interest cost components	\$ 641,000	528,000
Effect on postretirement benefit obligation	6,734,000	5,630,000

Estimated future benefit payments reflecting expected future service for the fiscal years ending:

	<u>Gross benefit payments</u>	<u>Gross subsidy receipts</u>	<u>Net benefit payments</u>
Estimated future benefit payments reflecting expected future service for the fiscal year(s) ending:			
2011	\$ 1,488,000	235,000	1,253,000
2012	1,721,000	267,000	1,454,000
2013	1,935,000	307,000	1,628,000
2014	2,178,000	344,000	1,834,000
2015	2,365,000	385,000	1,980,000
2016 – 2020	16,457,000	2,765,000	13,692,000

The recently approved healthcare reform law could have significant accounting consequences for entities in diverse industries. Specifically, there are several provisions in the new law that might affect the University's measurement of its postretirement healthcare benefit obligation. There are certain provisions (if applicable) that are generally expected to either increase or reduce and employers' obligations. It is very difficult at this stage to measure the impact of some of these provisions on the University obligations. The University will continue to monitor developments, interpretations, and guidance relating to the law and incorporate the most current developments in future measurements.

(10) Long-Term Debt

Long-term debt at June 30, 2010 and 2009 is summarized as follows:

	<u>2010</u>	<u>2009</u>
Liability under bonds of the Dormitory Authority of the State of New York	\$ 289,284,567	298,695,254
Other notes payable	1,718,069	1,841,496
Capitalized lease obligations	1,114,736	1,173,992
	<u>\$ 292,117,372</u>	<u>301,710,742</u>

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

The Dormitory Authority of the State of New York (DASNY) bonds (Series 2008A, 2008B, 2004, 2002, and 1998) mature in varying amounts through July 1, 2038. In July 2008, the Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2008B were issued for \$115,000,000 in connection with the University's construction of a new 450-bed residential facility and numerous projects located at the University's Rose Hill campus. The fixed rate bonds, which have a final maturity of 2038, were issued at an interest rate of 4.82%. The series 2008A bonds are secured by an irrevocable letter of credit, which expires in 2015.

In September 2005, the University entered into an interest rate exchange agreement (swap) with Merrill Lynch Capital Services, Inc. with a notional amount of \$95,750,000 for the purpose of creating a synthetic fixed rate on the Series 2005A bonds. This agreement has since been amended to reflect the Series 2008A bond issue, with a notional amount of \$96,895,000. Under the terms of the agreement, the University pays a fixed rate of 3.2475%, and receives 67.000% of the one-month LIBOR on the notional principal amount (\$95,470,000 at June 30, 2010). The fair value of the swap at June 30, 2010 and 2009 approximated a liability of \$11,318,580 and \$6,694,112, respectively, which is included in accounts payable and accrued expenses in the 2010 and 2009 statements of financial position. The change in value of the swap was \$(4,624,468) and \$(6,268,240) at June 30, 2010 and 2009, respectively.

Interest rates on the bonds range from 2.0% to 7.2% per annum. The bonds are secured by mortgages on certain of the University's property and, in certain cases, by pledges of dormitory and tuition revenues equal to the annual debt service requirements on the bonds. At June 30, 2010 and 2009, bonds payable include an unamortized net premium of \$6,834,567 and \$7,145,253, respectively. Bond issuance costs of \$6,678,727 and \$6,966,904 at June 30, 2010 and 2009, respectively, are being amortized over the term of the bonds.

Capitalized lease obligations relate to computer equipment purchased by the University and bear interest at rates ranging from 2% to 9% per annum.

The combined aggregate amounts of payments on the bonds, notes, and capitalized leases for each of the next five years and thereafter are as follows:

	<u>Bonds and notes principal</u>	<u>Capital lease principal</u>	<u>Interest</u>	<u>Total</u>
Year:				
2011	\$ 9,627,159	753,908	12,011,056	22,392,123
2012	10,006,002	360,828	11,577,742	21,944,572
2013	10,369,961	—	11,209,197	21,579,158
2014	10,824,041	—	10,820,294	21,644,335
2015	11,313,243	—	10,330,829	21,644,072
Thereafter	<u>232,027,663</u>	<u>—</u>	<u>108,637,510</u>	<u>340,665,173</u>
Subtotal	284,168,069	1,114,736	164,586,628	449,869,433
Net unamortized premium	<u>6,834,567</u>	<u>—</u>	<u>—</u>	<u>6,834,567</u>
Total	<u>\$ 291,002,636</u>	<u>1,114,736</u>	<u>164,586,628</u>	<u>456,704,000</u>

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

Total interest expense on long-term debt amounted to approximately \$9,286,000 and \$9,537,000 for the years ended June 30, 2010 and 2009, respectively.

The University is required to establish and deposit with bond trustees certain funds for the benefit of bondholders, and to fulfill construction commitments. The funds are invested, principally in U.S. government obligations, by the trustees until withdrawn to affect the purposes for which they were generated. Deposits held by bond trustees consist of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Debt service funds	\$ 3,838,122	3,943,246
Building and equipment reserve funds	2,135,834	2,132,945
Construction funds	589,457	47,113,303
Arbitrage funds	193,164	192,929
	<u>\$ 6,756,577</u>	<u>53,382,423</u>

(11) Fair Value Measurements

The University measures the fair value of its financial and nonfinancial assets and liabilities utilizing a three-tiered hierarchy, defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than active market pricing included within Level 1 that are observable for the asset or liability, either directly or indirectly. Included in this tier are also investments measured at net asset value that are redeemable on or near the date of the statement of financial position.
- Level 3 inputs are unobservable inputs for the asset or liability, and investments measured at net asset value that are not redeemable near the date of the statement of financial position.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

At June 30, 2010 and 2009, the carrying values of the University's financial instruments other than loans receivable from students under government loan programs and long-term debt approximate fair value.

A reasonable estimate of the fair value of loans receivable from students under government loan programs (approximately \$5,382,000 and \$5,760,000 at June 30, 2010 and 2009, respectively) could not be made because the notes are not saleable and can only be assigned to the U.S. government or its designees.

The fair value of long-term debt approximated \$300,101,000 and \$285,643,000 at June 30, 2010 and 2009, respectively. This amount was estimated by discounting the future cash flows associated with such debt by current market rates for loans with similar maturities and credit quality.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

The following table presents the University's fair value hierarchy for investments, funds held in perpetual trust, charitable remainder trusts, deposits held by bond trustees, and interest rate swap agreement measured at fair value at June 30, 2010 and 2009:

	2010			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Cash and cash equivalents	\$ 8,804,228	—	—	8,804,228
U.S. government obligations	3,026,820	—	—	3,026,820
Domestic equities	75,475,581	—	—	75,475,581
Domestic corporate bonds	862,841	—	—	862,841
Equity mutual funds	70,484,688	—	—	70,484,688
Bond mutual funds	26,574,321	—	—	26,574,321
Nonpublic equity funds	—	67,975,211	—	67,975,211
Hedge funds	—	68,293,316	26,830,059	95,123,375
Private equity funds	—	—	44,909,290	44,909,290
Other	92,096	2,952,607	—	3,044,703
Total investments	<u>185,320,575</u>	<u>139,221,134</u>	<u>71,739,349</u>	<u>396,281,058</u>
Contributions receivable:				
Funds held in perpetual trust	—	—	5,637,000	5,637,000
Charitable remainder trusts	—	—	2,978,991	2,978,991
Total contributions receivable	<u>—</u>	<u>—</u>	<u>8,615,991</u>	<u>8,615,991</u>
Deposits held by bond trustees	<u>6,756,577</u>	<u>—</u>	<u>—</u>	<u>6,756,577</u>
Total assets	<u>\$ 192,077,152</u>	<u>139,221,134</u>	<u>80,355,340</u>	<u>411,653,626</u>
Liabilities:				
Interest rate swap agreement	\$ —	(11,318,580)	—	(11,318,580)

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

	2009			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Cash and cash equivalents	\$ 35,028,612	—	—	35,028,612
U.S. government obligations	11,928,982	—	—	11,928,982
Corporate stocks	65,372,907	—	—	65,372,907
Corporate bonds	891,859	—	—	891,859
Equity mutual funds	48,399,926	—	14,164,718	62,564,644
Bond mutual funds	7,193,325	—	30,625,953	37,819,278
Nonpublic equity funds	—	—	58,398,620	58,398,620
Hedge funds	—	—	62,923,237	62,923,237
Private equity funds	—	—	37,716,184	37,716,184
Derivative contracts	—	(3,112,422)	—	(3,112,422)
Other	98,614	2,735,125	—	2,833,739
Total investments	<u>168,914,225</u>	<u>(377,297)</u>	<u>203,828,712</u>	<u>372,365,640</u>
Contributions receivable:				
Funds held in perpetual trust	—	—	5,254,000	5,254,000
Charitable remainder trusts	—	—	2,761,524	2,761,524
Total contributions receivable	<u>—</u>	<u>—</u>	<u>8,015,524</u>	<u>8,015,524</u>
Deposits held by bond trustees	53,382,423	—	—	53,382,423
Total assets	<u>\$ 222,296,648</u>	<u>(377,297)</u>	<u>211,844,236</u>	<u>433,763,587</u>
Liabilities:				
Interest rate swap agreement	\$ —	(6,694,112)	—	(6,694,112)

The University estimates the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value.

The following table presents the changes in Level 3 investments as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Level 3, beginning of year	\$ 211,844,236	256,833,633
Reclassifications out of Level 3	(146,847,448)	—
Net appreciation (depreciation) on fair value of investments	6,362,664	(39,217,777)
Purchases	17,950,632	55,210,510
Sales	(8,954,744)	(60,982,130)
Level 3, end of year	<u>\$ 80,355,340</u>	<u>211,844,236</u>

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

(12) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 and 2009 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Instruction	\$ 49,324,580	49,128,409
Research	5,687,998	6,193,535
Public service	8,785,214	9,364,959
Academic support	19,168,270	21,518,229
Scholarships and fellowships	39,788,619	35,799,405
Other	11,436,713	10,329,759
Capital projects	17,441,479	16,311,713
Restricted for time	27,462,324	30,930,210
Total	<u>\$ 179,095,197</u>	<u>179,576,219</u>

Permanently restricted net assets at June 30, 2010 and 2009 are restricted to investment in perpetuity, with investment return available to support the following activities:

	<u>2010</u>	<u>2009</u>
Instruction	\$ 47,239,401	43,822,916
Public service	7,985,431	7,544,198
Academic support	13,903,895	13,543,273
Scholarships and fellowships	108,456,947	96,443,539
General operations	11,205,324	12,747,256
Total	<u>\$ 188,790,998</u>	<u>174,101,182</u>

(13) Financial Aid

Tuition and fees and auxiliary enterprises revenues are presented net of amounts awarded to students to defray their cost of attending the University as follows:

	<u>2010</u>	<u>2009</u>
Tuition and fees	\$ 115,705,398	106,594,798
Room and board	1,862,858	1,812,287
	<u>\$ 117,568,256</u>	<u>108,407,085</u>

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

(14) Expenses

Expenses are reported in the accompanying statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction, research, and public service. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program services. Institutional support includes approximately \$11,051,000 and \$11,569,000 of fund-raising expenses in 2010 and 2009, respectively. For purposes of reporting fund-raising expenses, the University includes only those fund-raising costs incurred by its development office.

(15) Commitments and Contingencies

In the normal course of business, Fordham University leases facilities under operating leases. Minimum rental payments under those agreements over the next five years and thereafter are as follows:

Year ending June 30:	
2011	\$ 9,118,311
2012	9,320,569
2013	9,059,860
2014	9,327,703
2015	9,150,459
2016 and thereafter	47,234,352

Rent expense relating to these leases was \$9,040,000 and \$6,965,000 for the years ended June 30, 2010 and 2009, respectively.

The University is also a defendant in various lawsuits arising in the normal course of business. Management of the University does not expect the ultimate resolution of these actions to have a material adverse effect on the University's financial position.

(16) Related-Party Transactions

A member of the board of trustees, whose term expired June 30, 2009, is the principal in a construction company, which performs work for the University. The amount of construction costs incurred totaled \$49,863,410 and \$30,531,000 for the years ended June 30, 2010 and 2009, respectively. In addition, there are estimated commitments to the construction company in the amount of \$8,100,000 as of June 30, 2010.

A member of the board of trustees is the Managing Director of an investment management firm, which manages a portion of the University's investments. Assets under management totaled \$20,955,000 and \$17,131,000 for the years ended June 30, 2010 and 2009, respectively. The University incurred fees of approximately \$203,000 and \$187,000 for the years ended June 30, 2010 and 2009, respectively.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2010 and 2009

The University has a written conflict of interest policy that requires, among other things, that no member of the board of trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the University does business with an entity in which a Trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the University, and in accordance with relevant conflict of interest laws.

(17) Subsequent Events

In connection with the preparation of the financial statements, the University evaluated subsequent events through October 19, 2010, which was the date the financial statements were issued, and concluded that no additional disclosures are required.

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of the Project

The Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Series 2011 Resolutions and under the Loan Agreement, the Institution shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the Contract Documents relating thereto. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available in the Construction Fund, cause the Institution to be reimbursed for, or pay, any costs and expenses incurred by the Institution which constitute Costs of the Project, provided such costs and expenses are approved by the Authority, which approval shall not be unreasonably withheld or delayed (subject to receipt by the Authority of all required documents and information as set forth in the Loan Agreement).

(Section 5)

Amendment of the Project

(a) The Project may be amended by the Institution, with the prior written consent of the Authority, which consent will not be unreasonably withheld, or delayed (subject to receipt by the Authority of all required documents and information as set forth in the Loan Agreement) to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

(b) The Institution shall provide such moneys or an irrevocable letter of credit or other security in such form as may be reasonably acceptable to the Authority as in the reasonable judgment of the Authority may be required for the cost of completing the Project or a portion thereof in accordance with the Contract Documents in excess of the moneys in the Construction Fund established for such Project, whether such moneys, letter of credit or other security are required as a result of an increase in the scope of the Project or otherwise. Such moneys, letter of credit or other security shall be paid or made available to the Trustee for deposit in the Construction Fund within fifteen (15) days after receipt by the Institution of written notice from the Authority that such moneys or other security are required.

(c) The Institution agrees to furnish or cause to be furnished to the Authority copies of all change orders regardless of amount, upon the request of the Authority therefor.

(Section 6)

Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or the Series 2011 Resolutions or under the Loan Agreement, including, without limitation, moneys in the Debt Service Fund, and interest accrued but unpaid on investments held in the Debt Service Fund, the Institution unconditionally agrees to pay or cause to be paid, so long as the Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(i) On or before the date of delivery of the Bonds, the Authority Fee as set forth in Schedule B attached to the Loan Agreement;

Appendix C

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

(iii) In the case of Variable Interest Rate Bonds that pay interest more frequently than semi-annually, on or before the tenth (10th) day of each month, an amount equal to the interest coming due on such Variable Interest Rate Bonds on all Interest Payment Dates in the next succeeding month, assuming that such Variable Interest Rate Bonds will, during such next succeeding month, bear interest at the rate borne by such Variable Interest Rate Bonds on the last day of the month immediately preceding the month of payment by the Institution plus one percent (1%) per annum;

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on the Bonds, becomes due, other than Variable Interest Rate Bonds that pay interest more frequently than semi-annually, one-sixth (1/6) of the interest coming due on the Bonds, , on the immediately succeeding interest payment date; **provided, however**, that, if with respect to such Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date, the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

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

(vi) At least forty-five (45) days with respect to Bonds other than Option Bonds and Variable Interest Rate Bonds, and fifteen (15) days with respect to Option Bonds and Variable Interest Rate Bonds, prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(vii) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; **provided, however**, that the Annual Administrative Fee with respect to the Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to the Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(viii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to provisions of the Loan Agreement summarized in paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to provisions of the Loan Agreement summarized under the headings “**Damage or Condemnation**,” “**Taxes and Assessments**” and “**Arbitrage; Tax Exemption**” below and other provisions of the Loan Agreement relating to indemnity by the Institution, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, Credit Facility or Liquidity Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of

the Loan Agreement or of the Mortgage or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (F) to pay any Provider Payments then due and unpaid;

(ix) Promptly upon demand by the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to provisions of the Loan Agreement summarized under the heading “**Default and Remedies;**”

(x) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds, and any fees or expenses incurred by the Authority in connection therewith including those of any rebate analyst or consultant engaged by the Authority;

(xi) By 5:00 P.M., New York City time, on the day notice thereof is given to the Institution by the Authority or the Trustee, the amount, in immediately available funds, required to pay the purchase price of Option Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from moneys to be made available pursuant to a Liquidity Facility; provided, however, that if such notice is given to the Institution by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 12:30 P.M., New York City time, on such day; provided, further, that, if such notice is given to the Institution after 3:00 P.M., New York City time, then such amount shall be paid, in immediately available funds, by 10:00 A.M., New York City time, on the next succeeding day; and

(xii) Promptly upon demand by the Authority, all amounts required to be paid by the Authority to a counterparty in accordance with an Interest Rate Exchange Agreement or to reimburse the Authority for any amounts paid to a counterparty in accordance with an Interest Rate Exchange Agreement; and

(xiii) To the extent not otherwise set forth in the provisions of the Loan Agreement summarized in this paragraph (a), including without limitation, in the event of any insufficiency, any amounts necessary to pay the principal, Sinking Fund Installment, or Redemption Price, if any, of, and interest on, the Bonds, on the dates, in the amounts, at the times and in the manner provided in or pursuant to the Resolution and the Series 2011 Resolutions, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series 2011 Resolutions, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to provisions of the Loan Agreement summarized in paragraph (a)(v) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the Institution delivers to the Trustee for cancellation one or more Bonds and maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds and maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority directs the Institution, and the Institution agrees, to make the payments required by provisions of the Loan Agreement summarized in this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(v), (a)(vi), (a)(ix), and (a)(xiii) directly to the Trustee for deposit and application in accordance with the Resolution and the Bond Series Certificate(s); (ii) the payments required by paragraph (a)(ii) directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Authority; (iii) the payments required by paragraphs (a)(x) directly to the Trustee for deposit in the Arbitrage Rebate Fund; and (iv) the payments required by paragraphs (a)(i), (a)(vii), a(viii), (a)(xi) and (a)(xii) to or upon the written order of the Authority.

Appendix C

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

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

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

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

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

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

summarized in Appendix D under the heading “**Defeasance**,” the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

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

(Section 9)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does continuously pledge, grant a security interest in, and assign to the Authority the Pledged Revenues, together with the Institution’s right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues. This pledge, grant of a security interest in and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges and on a parity with respect to the Prior Pledges.

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than the Prior Pledges and the Parity Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution’s performance under the Loan Agreement. The Institution agrees that it shall not hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal (other than as permitted in Exhibit A to the Loan Agreement) to the pledge made by provisions of the Loan Agreement summarized herein.

(Section 11)

Collection of Pledged Revenues

(a) Subject to the provisions of the Loan Agreement summarized in paragraph (b) below, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution shall deliver to the Trustee for deposit in accordance with the provisions summarized in the Bond Series Certificate(s) and in Appendix D under the heading “**Deposit of Revenues and Allocation Thereof**,” all Pledged Revenues (other than the amounts subject to the Prior Pledges and the Parity Pledges) within ten (10) days following the Institution’s receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, assuming that Variable Interest Rate Bonds will, from and after the next succeeding date on which the rates at which such Variable Interest Rate Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum at which such Variable Interest Rate Bonds then bear interest, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the provisions summarized in Appendix D under the heading “**Deposit of Revenues and Allocation Thereof**” any payments received by the Institution with respect to the Pledged Revenues (other than such amounts as are subject to the Prior Pledges and the Parity Pledges).

(b) Notwithstanding anything to the contrary in the Loan Agreement, in the event that, on or prior to the date on which a payment is to be made pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the Institution has made such payment

Appendix C

from its general funds or from any other money legally available to it for such purpose, the Institution shall not be required solely by virtue of the Loan Agreement, to deliver Pledged Revenues to the Trustee.

(c) Any Pledged Revenues collected by the Institution that are not required to be paid to the Trustee pursuant to the Loan Agreement shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the Institution for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement) nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.

(Section 12)

Mortgages; Lien on Fixtures, Furnishings and Equipment

The Authority, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, partial release, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with the Mortgaged Property and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, except as provided for in the following paragraph, the Authority may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Mortgaged Property provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

Notwithstanding any provision contained in the Loan Agreement to the contrary, subject to the conditions set forth below and without any consideration therefor, the Authority covenants and agrees to automatically release, without cost to the Institution for fees of the Authority, that certain portion of the Mortgaged Property described in the Loan Agreement (the "Released Property") from the lien of the Mortgage in accordance with the conditions set forth in the Loan Agreement (the "Release"). After giving effect to the Release, the Mortgaged Property shall mean and refer solely to the remaining Mortgaged Property not comprising the Released Property. The Released Property will be fully released from the lien of the Mortgage in accordance with the terms of the Loan Agreement and upon satisfaction of the following conditions (and without the consent of, or prior notice to, any other persons or parties whomsoever including, without limitation, any Facility Provider of a Credit Facility or Liquidity Facility):

- (i) No default or Event of Default shall have occurred and be continuing under the Loan Agreement or the Mortgage;
- (ii) The Institution shall have provided the Authority with a title update (current through the date of the Release) as to the Mortgaged Property (after giving effect to the Release) showing no liens, charges or other encumbrances other than the Permitted Encumbrances; and
- (iii) The Institution shall have provided the Authority with satisfactory evidence that the Released Property has been subdivided from the Mortgaged Property and assigned a separate tax lot number.

(Section 13)

Warranty of Title; Utilities and Access

The Institution warrants and represents to the Authority that (i) it has good and marketable title to the Project and all Mortgaged Property, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the Institution's programs and (ii) the Institution has such rights of way, easements or other rights in land as may be reasonably

necessary for ingress and egress to and from the Project for proper operation and utilization of the Project and all Mortgaged Property and for utilities required to serve the Project and all Mortgaged Property, together with, such rights of way, easements or other rights in, to and over land as may be necessary for construction by the Institution of the Project.

The Institution warrants, represents and covenants that the Project and the Mortgaged Property from and after the time the Authority is granted a security interest therein (i) is and will be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances, (ii) is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation) and (iii) to the extent applicable, has and will have its own separate and independent means of access, apart from any other property owned by the Institution or others; **provided, however**, that such access may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution.

(Section 14)

Additional Representation and Covenants

The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under, the Loan Agreement, the Mortgage and the Related Agreements, (B) to incur the indebtedness contemplated by the Loan Agreement and thereby and (C) to make the pledge of and grant the security interest in the Pledged Revenues given by the Loan Agreement and to mortgage any Mortgaged Property, (ii) the Loan Agreement and the Related Agreements constitute valid and binding obligations of the Institution enforceable in accordance with their terms subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity, and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the Institution's obligations under the Loan Agreement and each of the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues and the Government Obligations and Exempt Obligations made or granted pursuant to the Loan Agreement and the mortgaging of the Mortgaged Property, do not violate, conflict with or constitute a default under the charter or by-laws of the Institution or any indenture, mortgage, trust, or other commitment or agreement to which the Institution is a party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

The Institution warrants, represents and covenants (i) that the Pledged Revenues, or any right to receive or collect the same or the proceeds thereof, are and will be free and clear of any pledge, lien, charge, security interests or encumbrance thereon or with respect thereto, other than the Prior Pledges and the Parity Pledges, prior to or of equal (other than as described in Exhibit A to the Loan Agreement) rank with, the pledge thereof made pursuant to the Loan Agreement and (ii) that all corporate action on the part of the Institution to authorize the pledge thereof and the granting of a security interest therein has been duly and validly taken. The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of the Authority and the Holders of Bonds thereunder against all claims and demands of all persons whomsoever.

(Section 16)

Tax-Exempt Status of Institution

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

Appendix C

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

(Section 17)

Securities Acts Status

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

(Section 18)

Maintenance of Corporate Existence

The Institution covenants that it will maintain its corporate existence, will continue to operate as a an institution for higher education, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for the continued operation of the Institution as an institution for higher education, providing such programs of instruction as it may from time to time determine, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; **provided, however**, that (a) if no Event of Default shall be continuing, then , upon prior written notice to the Authority and the Trustee, the Institution may (a) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (b) permit one or more corporations or any other organization to consolidate with or merge into it, or (c) acquire all or substantially all of the assets of one or more corporations or any other organizations; **provided, further**, that (i) any such sale, transfer, consolidation, merger or acquisition does not in the opinion of counsel satisfactory to the Authority adversely affect the exclusion from federal gross income the interest paid or payable on the Bonds, (ii) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and qualified under Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (iii) the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Institution under the Loan Agreement, under the Mortgage, under the Continuing Disclosure Agreement and under the Related Agreements, and furnishes to the Authority (A) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation shall be in compliance with each of the provisions of the Loan Agreement and of the Related Agreements and shall meet the requirements of the Act, and (B) such other certificates and documents as the Authority and the Trustee may reasonably require to establish compliance with provisions of the Loan Agreement summarized herein.

(Section 19)

Environmental Quality Review and Historic Preservation

For the purpose of assisting the Authority in making any findings or determinations which might be required by (i) Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereunder (collectively, "SEQR") or (ii) the New York State Historic Preservation Act of 1980 and the regulations

promulgated thereunder (collectively the “Preservation Act”), the Institution agrees to abide by the requirements relating thereto as set forth in the Loan Agreement.

(Section 20)

Use and Possession of the Project

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

(Section 21)

Restrictions on Religious Use

The Institution agrees that with respect to the Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; **provided, however**, that the foregoing restriction shall not prohibit the free exercise of any religion; provided, further, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit the Project or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The Institution further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or, if included in the Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of the provisions of the Loan Agreement summarized herein an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Section 22)

Sale of the Project

The Institution covenants that it will not transfer, sell or convey any interest in the Project or any part thereof or interest therein, including development rights, without the prior approval of the Authority, unless (a) in the opinion of Bond Counsel, the same will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes and (b) the Institution pays to the Trustee either for deposit into the Debt

Appendix C

Service Fund, or, pursuant provisions of the Resolution summarized in Appendix D under the heading “**Defeasance,**” to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority.

Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures that is part of the Project and was financed with the proceeds of Bonds provided that the Institution substitutes for such equipment, furniture or fixtures additional equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 23)

Maintenance, Repair and Replacement

The Institution agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project and any Mortgaged Property in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition, reasonable wear and tear expected, and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted. The Institution shall give the Authority not less than fifteen (15) days prior written notice of its intention to make a change or alteration that materially alters the scope or nature of the Project or any Mortgaged Property or a portion thereof. The Institution shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project or any Mortgaged Property which may have been financed by the proceeds of the sale of the Bonds provided the Institution substitutes for any such removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced.

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

(Section 24)

Covenant as to Insurance

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

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

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

(Section 25)

Damage or Condemnation

In the event of a taking of the Project or any Mortgaged Property or any portion thereof by eminent domain or condemnation, or of damage or destruction affecting all or part thereof, any property casualty insurance, condemnation or eminent domain proceeds shall, if in excess of \$250,000 which are not applied to reimburse the Institution for costs incurred to repair or restore the same, be paid to the Trustee for deposit in the Construction Fund. All proceeds derived from an award for such taking or from property casualty insurance shall be applied as follows:

(i) If within one hundred twenty (120) days (or such longer period as the Authority and the Institution may agree) from the receipt by the Authority of actual notice or knowledge of the occurrence, the Institution and the Authority agree in writing that the property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

(ii) If no agreement for the repair, restoration or replacement of the property or the affected portion thereof shall have been reached by the Authority and the Institution within such period, the proceeds then held by the Institution shall be paid to the Trustee for deposit in the Debt Service Fund and all respective proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Bonds.

(Section 26)

Taxes and Assessments

The Institution shall pay when due at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Project, the Mortgaged Property or any part thereof, and upon all ordinary costs of operating, maintaining, repairing and replacing the Project, the Mortgaged Property and its equipment. The Institution shall file exemption certificates as required by law. The Institution agrees to exhibit to the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; **provided, however**, the good faith contest of such impositions and deposits with the Authority of the full amount such impositions shall be deemed to be complete compliance with the requirements of the Loan Agreement. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the Institution, may pay any such charges, taxes and assessments if, in the reasonable judgment of the Authority, the Project, the Mortgaged Property or any part thereof would be in substantial danger by reason of the Institution's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair: (a) the interests or security of the Authority under the Loan Agreement or under the Resolution or the Mortgage; (b) the ability of the Authority to enforce its rights thereunder; (c) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement or under the Resolution or the Mortgage; or (d) the ability of the Institution to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the Institution agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 27)

Appendix C

Defaults and Remedies

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

(i) the Institution shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than pursuant to Section 9(a)(xi) or 9(a)(xiii) of the Loan Agreement) or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement, the Series 2011 Resolutions or with the Resolution, and such default continues for a period in excess of seven (7) days or days or (B) default in the timely payment of any amount payable pursuant to Section 9(a)(xi) or 9(a)(xiii) of the Loan Agreement; or

(ii) the Institution defaults in the due and punctual performance of any other covenant in the Loan Agreement contained and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Institution by the Authority or the Trustee; provided, however, that, if in the determination of the Authority such default cannot be corrected within such thirty (30) day period but can be corrected by appropriate action, it shall not constitute an Event of Default if corrective action is instituted by the Institution within such period and is diligently pursued until the default is corrected; or

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

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

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

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

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

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

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

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

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

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

(xiii) the occurrence and continuance of an event of default under the Mortgage.

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

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

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

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; **provided, however**, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor, subject to the Prior Pledges and the Parity Pledges, and may continue to do so commencing on each such interest payment date to the extent of

Appendix C

amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) Business Days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority; **provided, however**, that (1) the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

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

(vii) realize upon any security interest in the fixtures, furnishings and equipment, including any one or more of the following actions: (i) enter the Project or the Mortgaged Property and take possession of any such fixtures, furnishings and equipment; (ii) sell, lease or otherwise dispose of any such fixtures, furnishings and equipment either together with a sale, lease or other disposition of the Mortgaged Property pursuant to the Loan Agreement or to the Mortgage, or separately, whether or not possession has

been secured; provided, however, that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in commercially reasonable manner and upon five (5) days prior written notice to the Institution of the time and place of such sale; and

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

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

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

(Section 31)

Investment of Moneys

The Institution acknowledges that the Authority may in its sole discretion direct the investment of certain moneys held under the Resolution and the Series 2011 Resolutions as provided therein and that no representation or warranty has been made by the Authority with respect to interest rates on, or the amount to be earned as a result of, any such investment. Neither the Authority nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution in the manner provided therein, or for any loss, direct or indirect, resulting from any such investment. The Authority agrees that it shall direct the making of investments as permitted by the Resolution as soon as practicable when moneys are legally available therefor.

(Section 33)

Limitation on Agreements

Except as expressly provided in the Loan Agreement or by the Resolution of the Series 2011 Resolutions the Institution shall not enter into any contracts or agreements or perform any act which may adversely affect any of the assurances, interests or rights of the Authority or the Bondholders hereunder or under the Resolution or the Series 2011 Resolutions.

(Section 35)

Arbitrage; Tax Exemption

Each of the Institution and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of the Bonds, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. Neither the Institution nor any "related person" (as such term is defined for purposes of Section 148 of the Code) shall purchase Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the Institution or by a related person of Bonds will not cause interest on the Bonds to be included in the gross income of the owners of such Bonds for purposes of federal income taxation.

Appendix C

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

The Authority has undertaken full responsibility for performing rebate calculations that may be required from time to time with respect to the Bonds. Upon request, the Institution covenants that it will provide such information not in Authority's possession as the Authority deems necessary to calculate the yield on the Bonds and to comply with the arbitrage and rebate requirements of the Code, and any other information as may be necessary to prepare the rebate calculation to the Authority or an entity which the Authority has designated no less than once a year measured from the date of issuance of the Bonds. The Institution shall be obligated to pay the costs in connection therewith in accordance with the Loan Agreement. The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of excess earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution, the Authority shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Section 36)

Limitation on Authority Rights

As long as no Event of Default has occurred and is continuing, and no event has occurred that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, the Authority will not, without the prior written consent of the Institution, (i) change the dates on which an Option Bond is to be tendered for purchase or the period during which a Variable Interest Rate Bond is to bear interest at a particular rate, (ii) convert a Variable Interest Rate Bond to bear interest at a fixed rate to its maturity, (iii) seek the removal or resignation of a Remarketing Agent or appoint a successor Remarketing Agent, (iv) amend or modify the dates on or Redemption Price at which a Variable Interest Rate Bond after its conversion to bear interest at a fixed rate to the maturity date thereof may be redeemed at the election or direction of the Authority in accordance with Section 4.02 of the Resolution or (v) remarket at a price other than par any Option Bond tendered or deemed to have been tendered for purchase. The Institution may, at any time no Event of Default, or an event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, request the Authority to take such action as may be required by the Resolution, the Series 2011 Resolutions or the Bond Series Certificate(s) to change the dates on which Option Bonds are to be tendered for purchase or the period during which Variable Interest Rate Bonds shall bear interest at a particular rate or to convert Variable Interest Rate Bonds to bear interest at a fixed rate to their maturity.

(Section 37)

Certificate as to Representations and Warranties

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

(Section 40)

Further Assurances

The Institution, 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 are necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues and other moneys, securities, funds and security interests by the Loan Agreement or by the Resolution pledged, assigned or granted, or intended so to be, or which the Institution may hereafter become bound to pledge, assign or grant to the Authority pursuant to the Loan Agreement.

(Section 43)

Amendments to Loan Agreement; Credit Facility or Liquidity Facility

(a) The Loan Agreement may be amended only in accordance with the Resolution and the Bond Series Certificate(s) and each amendment shall be made by an instrument in writing signed by the Institution and the Authority, an executed counterpart of which shall be filed with the Trustee.

(b) The Institution agrees that it will consult with the Authority at least six (6) months prior to the mandatory tender date on July 1, 2016 resulting from the end of the initial Term Rate Period (as described in the Bond Series Certificate) with respect to the Institution's plans for such mandatory tender date.

(c) If a Credit Facility or Liquidity Facility shall be required pursuant to and in accordance with the terms of the Bond Series Certificate(s), the Institution covenants to maintain a Credit Facility and a Liquidity Facility with respect to the Bonds pursuant to and in accordance with the requirements set forth in such Bond Series Certificate(s).

(Section 44)

Termination

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

(Section 45)

Maintenance Covenants

A. Debt Service Coverage Ratio Covenant

(i) The Debt Service Coverage Ratio Requirement. The Institution covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio of 1.25:1 for Fiscal Years ending in 2011 and thereafter.

(ii) Reporting Requirement. On or prior to each Reporting Date, the Institution shall file with the Authority a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement described in (1) above is satisfied and setting forth the calculation upon which such statement is based.

Appendix C

(iii) Remedies. If (a) on two consecutive Testing Dates the Institution does not satisfy the Debt Service Coverage Ratio requirement described in (1) above, or (b) on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Authority may require the Institution to retain a Management Consultant.

B. Expendable Resources to Debt Ratio Covenant

(i) The Expendable Resources to Debt Ratio Requirement. The Institution covenants to have available on each Testing Date, Expendable Resources at least equal to .40:1 of the Institution's Long-Term Indebtedness.

(ii) Reporting Requirement. On or prior to each Reporting Date, the Institution shall file with the Authority a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Expendable Resources to Debt Ratio requirement described in (i) above is satisfied and setting forth the calculation upon which such statement is based.

(iii) Remedies. If on any Testing Date (a) the Institution does not satisfy the Expendable Resources to Debt Ratio requirement described in (i) above, (b) the percentage decline in the Expendable Resources to Debt Ratio from the prior Fiscal Year to the current Fiscal Year is thirty-five percent (35%) or greater, or (c) the percentage decline in the Expendable Resources to Debt Ratio from the Fiscal Year two years prior to the current Fiscal Year to the current Fiscal Year is fifty percent (50%) or greater, the Authority may require the Institution to retain a Management Consultant.

(Section 2 of Exhibit A)

Management Consultant Call-In

A. Optional Management Consultant Call-In. If the Authority elects to require the Institution to retain the services of a Management Consultant in accordance with Section 2A(iii) or 2B(iii) of Exhibit A to the Loan Agreement, then the Authority shall, at its election which shall be exercised in writing within sixty (60) days of notice of the applicable covenant failure, request the Institution to engage, at the Institution's expense, a Management Consultant to review the fees and tuition, operations and management of the Institution and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the Institution to comply with such covenants within a reasonable period acceptable to the Authority. The Institution shall engage a Management Consultant within sixty (60) days of such request by the Authority.

B. Compliance With Recommendations. Whenever a Management Consultant is required to be engaged by the Institution pursuant to Exhibit A to the Loan Agreement, copies of the report and recommendations of such Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the Institution and an Authorized Officer of the Institution no later than one hundred twenty (120) days following the date of the engagement of such Management Consultant. The Institution shall have thirty (30) days to respond to the recommendations of such Management Consultant. The Institution shall, to the extent feasible, promptly upon its receipt of such recommendations, and subject to applicable requirements or restrictions imposed by law or regulation, revise its tuition, fees and charges, its methods of operation or collections of its debt and investment management and shall take such other action as shall be in conformity with such recommendations or such other action approved by Authority. The Institution shall deliver to the Authority and the Trustee within forty-five (45) days of receipt of such Management Consultant's report; (A) a report setting forth in reasonable detail the steps the Institution proposes to take to implement the recommendations of such Management Consultant or such other action approved by Authority; and (B) a certified copy of a resolution adopted by the Board of Trustees of the Institution accepting both the Management Consultant's report or such other action approved by Authority and the report prepared by the Institution as required in clause (A) hereof. Subsequently, the Institution shall deliver to the Authority and the Trustee quarterly reports demonstrating the progress made by the Institution in implementing the recommendations of the Management Consultant or such other action approved by Authority.

If the Institution complies in all material respects with the reasonable recommendations of the Management Consultant, the Institution will be deemed to have complied with the covenants contained in Section 2 of Exhibit A to the Loan Agreement for the Institution's Fiscal Year in which the Management Consultant's report is delivered.

(Section 3 of Exhibit A)

Additional Indebtedness

Except as otherwise provided below, the Institution will not after the date of execution of the Loan Agreement issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority.

A. Long-Term Indebtedness

The Institution may issue, incur, assume or guarantee Long-Term Indebtedness without the consent of the Authority provided that (i) the collateral securing such Long-Term Indebtedness is not on a parity basis with the collateral securing any Authority Indebtedness, (ii) such Long-Term Indebtedness maintains a debt rating in the "A" category without regard for "+" or "-" from at least one Rating Service **and** (iii) (a) such Long-Term Indebtedness issued in any Fiscal Year is in an amount less than or equal to ten percent (10%) of the amount of its unrestricted net assets as reported for the most recently concluded Fiscal Year for which audited financial statements are available **or** (b) the Institution provides to the Authority a certificate of an Authorized Officer of the Institution containing pro forma calculations demonstrating that the maintenance covenants described in Section 2 of Exhibit A to the Loan Agreement would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued.

For purposes of calculating the Debt Service Coverage Ratio for such pro forma calculations, Annual Debt Service shall be equal to projected Maximum Annual Debt Service. Indebtedness which does not bear interest at a fixed rate will be deemed to bear interest at an annual rate equal to 120% of the weighted average annual interest rate borne by such Indebtedness over the 24-month period ending on the date of calculation (or with respect to such Long-Term Indebtedness issued during such 24-month period, 120% of the average of the most recent 24-month Bond Buyer 25 Revenue Bond Index). For those years in which Balloon Indebtedness is not amortized by the terms thereof, the principal of Balloon Indebtedness will be deemed to mature in equal annual installments over a term equal to the lesser of 20 years or the actual number of years remaining to maturity of such Balloon Indebtedness. In the event the project to be financed with such additional Long-Term Indebtedness is reasonably expected to generate additional revenues, such revenues, net of anticipated expenses, may be included in the pro forma calculations of the Debt Service Coverage Ratio.

B. The Institution may issue, incur, assume or guarantee Refunding Debt without the consent of the Authority or compliance with the requirements of paragraph A above provided that, after giving effect to such Refunding Debt, the Maximum Annual Debt Service on the Institution's Long-Term Indebtedness will not be greater in any Fiscal Year as established by a certificate or report to that effect of an Authorized Officer of the Institution delivered to the Authority on or prior to the date such Refunding Debt is issued, incurred, assumed or guaranteed; provided, however, that the Authority's consent will be required if the security interest in the collateral securing such Refunding Debt is proposed to be prior to or on parity with the security interest in the collateral securing any Authority Indebtedness.

C. Non-Recourse Indebtedness

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

Appendix C

D. Short-Term Indebtedness

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

(Section 4 of Exhibit A)

Exceptions

Notwithstanding the foregoing, the Institution will not be considered to have failed to meet the Debt Service Coverage Ratio requirement in accordance with Section 2A above or the Expendable Resources to Debt Ratio requirement in accordance with Section 2B above if the Institution can demonstrate that such failure was solely due to a change in generally accepted accounting principles not previously applicable to the Institution. In the event the Authority determines such a change in generally accepted accounting principles will create a lasting impediment upon the Institution's ability to comply with the provisions of Section 2A or Section 2B above, the Authority and the Institution may, without obtaining the consent of Bondholders, amend the provisions of such Sections and the related definitions upon which the calculations included in such Sections are based to provide for similar financial and economic measures of the Institution's performance.

(Section 5 of Exhibit A)

**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTIONS**

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

The following is a brief summary of certain provisions of the Resolution and the Series 2011 Resolutions (collectively, the “Resolutions”). This summary does not purport to be complete and reference is made to the Resolutions for full and complete statements of such and all provisions. The headings below are not part of the Resolutions but have been added for ease of reference only. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

It is the intent of the Resolution to authorize the issuance by the Authority, from time to time, of its Fordham University Revenue Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and, inter alia, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of a Series authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of the Bonds of a Series, and the pledge and assignment made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution or by a Series Resolution.

(Section 1.03)

Assignment of Certain Rights and Remedies to the Trustee

With respect to each Series of Bonds, as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Outstanding Bonds of such Series and for the performance of each other obligation of the Authority under the Resolution and under a Series Resolution, the Authority may, and upon the happening of an Event of Default under the Resolution, shall, grant, pledge and assign to the Trustee all of the Authority’s estate, right, title, interest and claim in, to and under the applicable Loan Agreement or the applicable Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement or Mortgage, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Loan Agreement or Mortgage, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Holders of a Series of Bonds, and to perform all other necessary and appropriate acts under such Loan Agreement or Mortgage, including but not limited to the right to declare the indebtedness under such Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon the applicable Pledged Revenues or the Mortgage, subject to the following conditions, that (i) the Holders of such Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority and (ii) unless and until the Trustee is assigned the applicable Loan Agreement and Mortgage, the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in such Loan Agreement and Mortgage to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision), (iii) with respect to a Mortgage granted by the Institution to the Authority in connection with a Series of Bonds, any grant, pledge and assignment to the Trustee of the Authority’s estate, right, title, interest and claim, in, to and under such Mortgage shall secure only the payment of the principal and Redemption Price of and interest on the Outstanding Bonds of such Series. Until such election is made, the Authority shall remain liable to observe and perform all the conditions and covenants, in the applicable Loan Agreement and Mortgage provided to be observed and performed by it. Upon

Appendix D

any such grant, pledge or assignment contemplated by the Resolution, the Authority may retain the right to (i) the payment of any fees, costs and expenses of the Authority payable pursuant to the applicable Loan Agreement, (ii) the indemnities provided thereby and payments made pursuant to such indemnities and (iii) the exercise of any right or remedy available under the applicable Loan Agreement or any applicable Mortgage for the enforcement of the obligations of the Institution to which the Authority has retained such right.

Any grant, pledge or assignment made pursuant to these provisions of the Resolution shall be made by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority within thirty (30) days after written notice of the Authority's election to make such grant, pledge or assignment.

If an Event of Default under the Resolution has been cured and is no longer continuing, the Trustee, as soon as practicable after the written request of the Authority, shall re-grant and re-assign to the Authority, and release from any pledge made by the Authority pursuant to the Resolution as summarized herein, all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement and the Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority thereunder, theretofore granted, pledged or assigned to the Trustee pursuant to the Resolution. The Trustee shall execute such instruments as the Authority may reasonably require to effect or evidence such re-grant, re-assignment or release.

(Section 1.04)

Authorization and Issuance of Bonds

Additional Obligations

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

(Section 2.05)

Redemption of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds of a Series other than as summarized in the following paragraph, the Authority shall give to the Trustee and each applicable Facility Provider written notice of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series and Sub-Series to be redeemed. The Series, Sub-Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee and each applicable Facility Provider at least forty-five (45) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that moneys for payment of the Redemption Price is available on the

redemption date, such notice shall not be given with respect to Bonds to be redeemed pursuant to provisions of the Resolution summarized herein 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 which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds of such Series to be so redeemed.

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

Whenever by the terms of the Resolution the Trustee is required to redeem Bonds of a Series through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of such Series, Sub-Series and maturities to be redeemed in the manner summarized in the following paragraph, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Resolution.

(Section 4.03)

Selection of Bonds to Be Redeemed

Unless otherwise provided in the Series Resolution authorizing the issuance of a Series of Bonds or the Bond Series Certificate relating to such Bonds, in the event of redemption of less than all of the Outstanding Bonds of like Series, Sub-Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, Sub-Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw 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 of such Series are authorized to be issued, by the numbers assigned thereto as provided in provisions of the Resolution summarized herein) 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 to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; **provided, however**, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

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

(Section 4.04)

Notice of Redemption

Whenever Bonds of a Series are to be redeemed, the Trustee shall give notice of the redemption of such Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the

Appendix D

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 the Bonds is subject to one or more conditions, a statement to that effect that describes the conditions to such redemption.

Any notice of redemption, other than a notice for special or extraordinary redemption provided for in a Series Resolution or Bond Series Certificate, may state that the redemption is conditioned upon receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys are not received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

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

In addition, unless otherwise provided for in a Series Resolution with respect to a Series of Bonds, the Trustee shall (i) if any of the Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than thirty-five (35) days prior to the redemption date, but, if notice of redemption is to be published as aforesaid, in no event later than five (5) Business Days prior to the date of publication, and (ii) mail a copy of the notice of redemption to Kenny Information Systems Notification Service and to Standard & Poor's Called Bond Record, in each case at the most recent address therefor. Such copies shall be sent by certified mail, return receipt requested, but mailing such copies shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copies were mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds.

(Section 4.05)

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds of a Series or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, Sub-Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner,

together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bond is surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond of a Series, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of such registered Bond so surrendered, Bonds of like Series, Sub-Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds of a Series or portions thereof of any like Series, Sub-Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon 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, then, from and after the redemption date, interest on such Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If 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 4.06)

Purchase of Purchased Bonds

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

(Section 4.07)

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

Pledge of Revenues

The proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, are pursuant to the Resolution, subject to the adoption of a Series Resolution, pledged and assigned by the Resolution to the Trustee as security for the payment

Appendix D

of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the provisions of the Resolution and thereof. The pledge made by the Resolution shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and the funds and accounts established by the Resolution and pursuant to a Series Resolution and which are pledged by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon, subject only to the applicable Prior Pledges.

(Section 5.01)

Establishment of Funds and Accounts

Unless otherwise provided by a Series Resolution, the following funds are authorized to be established and shall be held and maintained for each Series of Bonds by the Trustee separate and apart from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;

Debt Service Fund; and

Arbitrage Rebate Fund.

Accounts and subaccounts within each of the foregoing funds may from time to time be established in accordance with a Series Resolution, a Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by a Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds of a Series, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution, unless otherwise provided in the applicable Series Resolution; **provided, however**, that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price or Redemption Price of such Option Bonds; provided further, that any Debt Service Reserve Fund established by or pursuant to a Series Resolution, the amounts held therein and amounts derived from any Reserve Fund Facility related thereto, shall not be held in trust for the benefit of the Holders of Bonds other than the Bonds of the Series secured thereby as provided in such Series Resolution and are pledged solely thereto and no Holder of the Bonds of any other Series shall have any right or interest therein.

(Section 5.02)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of a Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority shall pay over to the Trustee and the Trustee shall deposit in the Construction Fund any moneys paid to the Authority pursuant to provisions of the Resolution summarized under the heading **“Deposit of Certain Moneys in the Construction Fund”** below. The

Trustee shall also deposit in the Construction Fund all amounts paid to it by the Institution which by the terms of the Loan Agreement are required to be deposited therein.

(a) Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Project with respect to such Series of Bonds. For purposes of internal accounting, the Construction Fund may contain one or more further subaccounts, as the Authority or the Trustee may deem proper.

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

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

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

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

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

Second: To the Debt Service Reserve Fund, if any, such amount as shall be necessary to make the amount on deposit in such fund equal to the applicable Debt Service Reserve Fund Requirement, if any; and

Third: To the Debt Service Fund, to be applied in accordance with the Resolution, any balance remaining.

(Section 5.04)

Appendix D

Deposit of Revenues and Allocation Thereof

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

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

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

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

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

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

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

(Section 5.05)

Debt Service Fund

(a) The Trustee shall on or before the Business Day preceding each interest payment date pay to itself and any other Paying Agent out of the Debt Service Fund:

- (i) the interest due and payable on all Outstanding Bonds of a Series on such interest payment date;
- (ii) the principal amount due and payable on all Outstanding Bonds of a Series on such interest payment date; and
- (iii) the Sinking Fund Installments, if any, due and payable on all Outstanding Bonds of a Series on such interest payment date.

The amounts paid out pursuant to the provisions of the Resolution summarized herein shall be irrevocably pledged to and applied to such payments.

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

(c) Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds of a Series payable on and prior to the earlier of the next succeeding January 1 or July 1, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, and the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds of a Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds of a Series as provided in the redemption provisions of the Resolution, at the Redemption Prices specified in the Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

Appendix D

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any moneys delivered to it by the Institution for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, moneys on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions.

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

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

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Debt Service Fund and the Debt Service Reserve Fund, if applicable, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of a Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, (ii) the amounts held in the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Series secured thereby and the interest accrued and unpaid and to accrue on such Bonds to the next date on which such Bonds may be redeemed or (iii) in either case, to make provision pursuant to the defeasance provisions of the Resolution for the payment of such Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the Institution. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by a Series Resolution as provided in the redemption provisions of the Resolution, or (ii) give the Trustee irrevocable

instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance with such instruction.

(Section 5.08)

Transfer of Investments

Whenever moneys in any fund or account established under the Resolution or under a Series Resolution are to be paid in accordance with the Resolution to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the

amount of the payment then to be made; **provided, however**, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 5.09)

Security for Deposits and Investment of Funds

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

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

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

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

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

(e) Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the

Appendix D

Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in provisions of the Resolution summarized herein. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions summarized in paragraphs (a), (b) and (c) above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

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

(Section 6.02)

Particular Covenants

Payment of Principal and Interest

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

(Section 7.01)

Further Assurance

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

(Section 7.04)

Accounts and Audits

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

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution or by a Series Resolution the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of a Series on the proceeds from the sale of such Bonds, the Revenues pledged for such Series of Bonds, the Pledged Revenues or the funds and accounts established by the Resolution or by a Series Resolution which are pledged by the Resolution; **provided, however**, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations under another and separate resolution or otherwise incur indebtedness so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution, and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the applicable Revenues and the Authority's security interest in the applicable Pledged Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

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

(Section 7.07)

Deposit of Certain Moneys in the Construction Fund

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

(Section 7.08)

Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds of a Series 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 the Resolution, designate an additional Paying Agent or Paying Agents where Bonds of a Series 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 of a Series may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of such Bonds. The provisions of the Resolution summarized in this paragraph shall be subject to the provisions of the Resolution relating to place and medium of payment.

(Section 7.09)

Appendix D

Amendment of Loan Agreement

A Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect the interest of the Holders of Outstanding Bonds of the applicable Series in any material respect unless consented to in writing by the Holders of at least a majority in aggregate principal amount of the Bonds of such Series then Outstanding; provided, however, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the Institution under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to the paragraph summarized herein by the Holders of Bonds shall, except as otherwise provided in the paragraph summarized herein, be given in the same manner required by the portion of the Resolution addressing amendments of the Resolution.

A Loan Agreement may be amended, changed, modified or altered (i) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any facilities constituting a part of any Project or to otherwise amend the Project or (ii) with the consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Resolution or in the Loan Agreement. Except as otherwise provided in the paragraph summarized herein, the Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds or the Trustee. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

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

In addition, the Holder of an Outstanding Auction Rate Bond of a Series shall be deemed to have consented to an amendment, change, modification, alteration or termination permitted by this Section if (i) the Trustee has mailed notice of such proposed amendment to the Holder of such Bonds in the same manner required by the portion of the Resolution addressing amendments of the Resolution for an amendment to the Resolution, (ii) on the first Auction Date for such Bond occurring at least twenty (20) days after the date on which the aforementioned notice is given by the Trustee the interest rate determined on such date is the Winning Bid Rate and (iii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of such Auction Rate Bond or any exemption from federal income tax to which the interest on such Auction Rate Bond would otherwise be entitled. The following terms shall have the respective meanings: "Auction Rate Bond" means a Variable Interest Rate Bond of a Series that is not an Option Bond, and that bears interest at rates determined by periodic auctions in accordance with procedures therefore established by the Series Resolution authorizing such Bond or the Bond Series Certificate related thereto; "Auction Date" means, with respect to particular any Auction Rate Bond, the date on which an auction is held or required to be held for such Bond in accordance with the procedures established therefore; and "Winning Bid Rate" when used with respect to an auction held for any particular Auction Rate Bond, shall have the meaning given to such term in the Series Resolution authorizing such Auction Rate Bond or the Bond Series Certificate related thereto, or, if not otherwise defined, means the lowest rate specified in any purchase bid submitted in such auction, which, if selected, would cause the aggregate principal amount of Auction Bonds offered to be sold in such auction to be subject to purchase bids at rates no greater than the rate specified in such purchase bid.

For the purposes of the paragraph summarized herein, a Series of Bonds shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the Institution, the Authority and all Holders of Bonds of such Series.

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

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

(Section 7.12)

Issuance of Obligations under Previous Resolutions

The Authority so long as Bonds are Outstanding shall not issue additional bonds or notes pursuant to its “Fordham University Insured Revenue Bond Resolution,” adopted September 25, 2002 or its “Fordham University Insured Revenue Bond Resolution,” adopted March 24, 2004.

(Section 7.13)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

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

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

Appendix D

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

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

(g) To modify or amend a Project; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders of a Series in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent

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

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

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

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

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

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

(Section 9.03)

Amendments of Resolution

Powers of Amendment

Any modification or amendment of the Resolution or of any Series Resolution that modifies or amends the rights and obligations of the Authority and of the Holders of a Series of Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding of such Series at the time such consent is given or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds of a Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of a particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Holders of a Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of a Series specified in provisions of the Resolution summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution as provided below. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds of a Series with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds of a Series described in the certificate or certificates of the Trustee. Any consent given by the Holder of a Bond of a Series shall be binding upon such Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of

Appendix D

such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Bondholder giving such consent or a subsequent Holder of such Bond by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of each Series and will be effective as provided in the Resolution, shall be given to such Bondholders by the Trustee at the direction of the Authority by mailing such notice to such Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of such Bonds of a Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Holders of such Series of Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however**, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

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

(Section 10.02)

Modifications by Unanimous Consent

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

(Section 10.03)

Consent of Facility Provider

Whenever by the terms of the Resolution the consent of any of the Holders of the Bonds of a Series to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each applicable Facility

Provider has been obtained. No modification or amendment of the Resolution which adversely affects a Facility Provider shall be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each applicable Facility Provider by mail at the times and in the manner provided herein with respect to notices thereof required to be given to the Holders of the Bonds of a Series. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Series Resolution or Supplemental Resolution and of the effectiveness thereof.

(Section 10.07)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an “Event of Default”) if:

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

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

(c) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

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

(e) With respect to a Series of Bonds, the Authority shall have notified the Trustee that an “Event of Default” as defined in the Loan Agreement, arising out of or resulting from the failure of the Institution to comply with the requirements of the Loan Agreement shall have occurred and is continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any Event of Default specified in the Resolution, other than an Event of Default specified in provisions of the Resolution summarized in paragraph (c) under the heading “**Events of Default**” above, then and in every such case the Trustee upon the written request of the Holders of not less than

Appendix D

twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series shall, by notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of such Series to be due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of the Bonds of a Series shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of such Series of Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under a Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in such Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the Resolution) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series, shall proceed (subject to the provisions of the Resolution relating to the compensation of the Trustee or any Paying Agent) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under the applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under any Series Resolution or in aid or execution of any power in the Resolution or therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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

(Section 11.04)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per

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

(Section 11.08)

Defeasance

Defeasance

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Series of Bonds and all other rights granted by the Resolution to such Series of Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or other securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each such Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution. Such moneys or securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(b) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Resolution. All Outstanding Bonds of a Series or any maturity within such Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in provisions of the Resolution summarized in the preceding paragraph (a) if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds of a Series on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty

Appendix D

(60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select which Bonds of such Series, Sub-Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date of the Resolution, as the case may be; provided further, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(c) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; **provided, however**, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so

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

(d) Option Bonds shall be deemed to have been paid in accordance with provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b) only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; **provided, however**, that if, at the time a deposit is made with the Trustee pursuant to provisions of the Resolution summarized in the preceding paragraph (b), the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(e) Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, or one (1) year after the date when the principal or Redemption Price of or interest on the Bonds for which said moneys is held was due and payable, shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; **provided, however**, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

(Section 12.01)

Provider Provisions

Credit Facility Provider as Holder

If provided in or authorized by the Series Resolution authorizing the issuance of a Series of Bonds, the Authority may provide for the rights of a Facility Provider of a Credit Facility 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, such Facility Provider may be deemed to be the Holder of such Bonds.

(Section 14.08)

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

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FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

To Be Rendered By Each Of
Squire, Sanders & Dempsey (US) LLP and KnoxSeaton

_____, 2011

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$146,645,000 aggregate principal amount of Fordham University Revenue Bonds, Series 2011A and Series 2011B (collectively, the “Series 2011 Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2011 Bonds are issued under and pursuant to the Act, and the Fordham University Revenue Bond Resolution, adopted on March 26, 2008 and the two Series 2011 Resolutions, which individually and in the aggregate, authorize up to \$150,000,000 Fordham University Revenue Bonds, Series 2011, both adopted on February 23, 2011 (collectively, the “Resolution”). The Series 2011 Bonds are being issued for the purposes set forth in the Resolution. Capitalized terms used and not otherwise defined herein have the respective meanings given to them in the Resolution, the Bond Series Certificates (as defined herein) or the Loan Agreement (as defined herein).

The Series 2011A Bonds are dated their date of delivery and bear interest from such date payable on July 1, 2011 and semi-annually thereafter on January 1 and July 1 in each year until final maturity thereof. The Series 2011B Bonds are Variable Interest Rate Bonds issued in the Term Rate Mode and are dated their date of delivery and bear interest from such date payable on July 1, 2011 and semi-annually thereafter on January 1 and July 1 in each year until the end of the initial Term Rate Period on July 1, 2016. The Series 2011 Bonds mature on the dates and in the years and amounts, and are subject to redemption and purchase prior to maturity, all as set forth in the Bond Series Certificates executed in connection therewith (the “Bond Series Certificates”).

The Authority and Fordham University, New York (the “Institution”) have entered into a Loan Agreement, dated as of February 23, 2011 (the “Loan Agreement”), providing, among other things, for a loan to the Institution

Appendix E

for the purposes permitted thereby and by the Resolution. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal and Sinking Fund Installments, if any, and the redemption and purchase price of, and interest on the Series 2011 Bonds, which payments have been pledged by the Authority to the Trustee for the benefit of the Holders of the Series 2011 Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolution and to issue the Series 2011 Bonds thereunder.

2. The Resolution has been duly and lawfully adopted by the Authority. The Resolution is in full force and effect, and is a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

3. The Series 2011 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolution. The Series 2011 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the equal benefits of the Resolution and the Act.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. Assuming compliance by the Authority and the Institution with the covenants described below, interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes. The interest on the Series 2011 Bonds will not be treated as a specific preference item for purposes of computing the federal alternative minimum tax. However, we note a portion of the interest on Series 2011 Bonds earned by certain corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted current earnings.

We are further of the opinion that the difference between the principal amount of the Series 2011A Bonds maturing on July 1, 2024 and July 1, 2027 through July 1, 2036 (“Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount (“OID”). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above, as other interest on the Series 2011A Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond at its issue price in the initial public offering who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Initial purchasers of the Series 2011A Bonds maturing on July 1, 2015 through July 1, 2023, July 1, 2025 and July 1, 2026, and initial purchasers of the Series 2011B Bonds maturing on July 1, 2041, whose initial adjusted basis in such Bonds exceeds the respective principal amount of such Bonds (“Premium Bonds”) will have bond premium to the extent of that excess. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield must be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership.

6. We are also of the opinion that interest on the Series 2011 Bonds is exempt, under existing law, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

With respect to the opinions in paragraphs 5 and 6, the Internal Revenue Code of 1986 (the “Code”) imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2011 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2011 Bonds to be included in gross income retroactively to the date of issue of the Series 2011 Bonds. The Authority and the Institution have covenanted to take all actions necessary to maintain, and to avoid taking any actions that would impair, the exclusion of the interest on the Series 2011 Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion set forth in paragraphs 5 and 6, we have relied upon representations made by the Institution with respect to certain material facts within their knowledge and also upon the opinion of Thomas E. DeJulio, Esq., General Counsel to the Institution, and we have made no independent investigation thereof regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a) of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service’s requirements for maintenance of its status as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a), of the Code may result in interest on the Series 2011 Bonds being included in gross income for federal income tax purposes, possibly retroactively from the original delivery of the Series 2011 Bonds.

We have examined an executed Series 2011 Bond and, in our opinion, the form of said bond and its execution are regular and proper.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Series 2011 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2011 Bonds, or the interest thereon, if any action is taken with respect to the Series 2011 Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolution, the Series 2011 Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors’ rights generally or as to the availability of any particular remedy.

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

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

Very truly yours,

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