

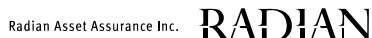


**\$15,000,000**  
**DORMITORY AUTHORITY**  
**OF THE STATE OF NEW YORK**  
**MANHATTAN COLLEGE**  
**INSURED REVENUE BONDS, SERIES 2007B**

**Dated: Date of Delivery** **Due: July 1, as shown below**

**Payment and Security:** The Manhattan College Insured Revenue Bonds, Series 2007B (the "Series 2007B 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 dated as of December 6, 2000, as supplemented (the "Loan Agreement") between Manhattan College (the "College") and the Authority and (ii) all funds and accounts (except the Arbitrage Rebate Fund) authorized under the Authority's Manhattan College Insured Revenue Bond Resolution, adopted December 6, 2000 (the "Resolution") and established under the Authority's Series 2007B Resolution Authorizing Manhattan College Insured Revenue Bonds, Series 2007B In An Amount Not Exceeding \$50,000,000, adopted October 25, 2006 (the "Series 2007B Resolution").

Payment of principal and Sinking Fund Installments, if any, of and interest on the Series 2007B Bonds will be insured in accordance with the terms of a financial guaranty insurance policy (the "Policy") to be issued simultaneously with the delivery of the Series 2007B Bonds by Radian Asset Assurance Inc. (the "Insurer").



The Loan Agreement is a general obligation of the College and requires the College to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2007B Bonds, as such payments become due. The obligations of the College under the Loan Agreement are secured by a pledge of certain revenues of the College, which is subordinate to certain Prior Pledges of such revenues. At the time of the delivery of the Series 2007B Bonds, one-half of the increase in the Debt Service Reserve Fund Requirement will be funded with proceeds of the Series 2007B Bonds and the other half with the deposit of a Reserve Fund Facility issued by the Insurer.

**The Series 2007B Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. The Authority has no taxing power.**

**Description:** The Series 2007B Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due July 1, 2008 and each January 1 and July 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2007B Bonds at their addresses as shown on the registration books held by the Trustee or, at the option of a holder of at least \$1,000,000 in principal amount of Series 2007B Bonds, by wire transfer to the holder of such Series 2007B Bonds, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal or Redemption Price of the Series 2007B Bonds will be payable at the principal corporate trust office of The Bank of New York, New York, New York, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of Series 2007B Bonds, by wire transfer to the holders of such Series 2007B Bonds as more fully described herein.

The Series 2007B 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 2007B Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2007B Bonds, payments of the principal and Redemption Price of and interest on such Series 2007B 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 2007B BONDS - Book-Entry Only System" herein.

**Redemption or Purchase:** *The Series 2007B Bonds are subject to redemption or purchase prior to maturity as more fully described herein.*

**Tax Exemption:** In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2007B 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 2007B 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 2007B 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.

<b>\$ 840,000 5.00% Term Bonds due July 1, 2013, Yield 4.44%, CUSIP <sup>(1)</sup> 649903WT4</b>
<b>\$ 1,335,000 5.00% Term Bonds due July 1, 2017, Yield 4.75%, CUSIP <sup>(1)</sup> 649903WU1</b>
<b>\$ 12,825,000 5.30% Term Bonds due July 1, 2037, Yield 5.30%, CUSIP <sup>(1)</sup> 649903WV9</b>

*The Series 2007B Bonds are offered when, as and if issued. The offer of the Series 2007B Bonds may be subject to prior sale or may be withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the College by its General Counsel, Liddy Sullivan Galway & Vaccaro, P.C., New York, New York and its Special Counsel, Certilman Balin Adler & Hyman, LLP, East Meadow, New York, and for the Underwriter by its Counsel, Clifford Chance US LLP, New York, New York. The Authority expects to deliver the Series 2007B Bonds in definitive form in New York, New York on or about December 20, 2007.*

**Lehman Brothers**

November 29, 2007

<sup>(1)</sup> CUSIP numbers have been assigned by an organization not affiliated with the Authority or the College and are included solely for the convenience of the Holders of the Series 2007B Bonds. Neither the Authority nor the College is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2007B Bonds or as indicated above.

No dealer, broker, salesperson or other person has been authorized by the Authority or the College to give any information or to make any representations with respect to the Series 2007B 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 or the College.

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 2007B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information in this Official Statement has been supplied by the College, the Insurer and other sources that the Authority believes are reliable. The Authority does not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation of the Authority.

The College has reviewed the parts of this Official Statement describing the College, the 2007B Project, the Estimated Sources and Uses of Funds, and Appendix B. The College shall certify as of the dates of sale and delivery of the Series 2007B Bonds that 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 College makes no representations as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Other than with respect to information concerning the Insurer contained under "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS - The Financial Guaranty Insurance Policy" herein, and in Appendix F and Appendix G hereto, none of the information in this Official Statement has been supplied or verified by the Insurer, and the Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2007B Bonds; or (iii) the tax status of the interest on the Series 2007B Bonds.

References in this Official Statement to the Act, the Resolution, the Series 2007B Resolution, the Loan Agreement, the Continuing Disclosure Agreement, the Policy and the Surety Bonds do not purport to be complete. Refer to the Act, the Resolution, the Series 2007B Resolution, the Loan Agreement, the Continuing Disclosure Agreement, the Policy and the Surety Bonds for full and complete details of their provisions. Copies of the Resolution, the Series 2007B Resolution, the Loan Agreement, the Continuing Disclosure Agreement, the Policy and the Surety Bonds are on file with the Authority and the Trustee and are available for inspection during their respective business hours.

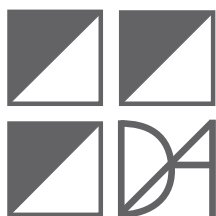
The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

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

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2007B BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007B BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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**DORMITORY AUTHORITY - STATE OF NEW YORK - 515 BROADWAY, ALBANY, N.Y. 12207**  
**DAVID D. BROWN, IV - EXECUTIVE DIRECTOR** **GAIL H. GORDON, ESQ. - CHAIR**

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**OFFICIAL STATEMENT RELATING TO**  
**\$15,000,000**  
**DORMITORY AUTHORITY**  
**OF THE STATE OF NEW YORK**  
**MANHATTAN COLLEGE**  
**INSURED REVENUE BONDS, SERIES 2007B**

**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, the College and the Insurer in connection with the offering by the Authority of \$15,000,000 principal amount of its Manhattan College Insured Revenue Bonds, Series 2007B (the “Series 2007B Bonds”).

The following is a brief description of certain information concerning the Series 2007B Bonds, the Authority, the College and the Insurer. A more complete description of such information and additional information that may affect decisions to invest in the Series 2007B 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 2007B Bonds are being issued (i) to pay a portion of the Costs of the 2007B Project, (ii) to make a deposit to the Debt Service Reserve Fund and to purchase a Reserve Fund Facility to fund a portion of the Debt Service Reserve Fund, and (iii) to pay a portion of the Costs of Issuance of the Series 2007B Bonds. See “PART 5 - THE 2007B PROJECT” and “PART 6 - ESTIMATED SOURCES AND USES OF FUNDS.”

**Authorization of Issuance**

The Series 2007B Bonds will be issued pursuant to the Resolution and the Act. In addition to the Series 2007B Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay costs of projects, to make deposits to the Debt Service Reserve Fund, to refund Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the College, to refinance other indebtedness of the College and to pay the Costs of Issuance of such Series of Bonds. The Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with each other. 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 2007B Bonds. The first Series of Bonds issued under the Resolution were the Manhattan College Insured Revenue Bonds, Series 2000 (the “Series 2000 Bonds”) currently Outstanding in the principal amount of \$34,860,000. The second Series of Bonds issued under the Resolution were the Manhattan College Insured Revenue Bonds, Series 2007A (the “Series 2007A Bonds”) currently Outstanding in the principal amount of \$35,000,000. The Series 2007B Bonds constitute the third Series of Bonds issued under the Resolution. See “PART 3 - THE SERIES 2007B BONDS.”

## **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, governmental and not-for-profit institutions. See “PART 7 - THE AUTHORITY.”

## **The College**

The College is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Board of Regents of the University of the State of New York. The College is located in Riverdale, New York. See “PART 4 - THE COLLEGE” and “Appendix B - Manhattan College Financial Statements (With Independent Auditors' Report Thereon).”

## **The Series 2007B Bonds**

The Series 2007B Bonds will be dated their date of delivery and will bear interest from such date (payable July 1, 2008 and each January 1 and July 1 thereafter) at the rates and will mature at the times set forth on the cover page of this Official Statement. See “PART 3 - THE SERIES 2007B BONDS - Description of the Series 2007B Bonds.”

## **Payment of the Series 2007B Bonds**

The Series 2007B Bonds will be special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the College under the Loan Agreement. The Loan Agreement is a general obligation of the College. Pursuant to the Resolution and the Series 2007B Resolution, the Revenues and the Authority's right to receive the Revenues have been pledged to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS - Payment of the Series 2007B Bonds.”

## **Security for the Series 2007B Bonds**

All Bonds issued under the Resolution, including the Series 2007B Bonds, will rank on a parity with each other and will be secured equally and ratably with each other. Upon the issuance of the Series 2007B Bonds, the Series 2007B Bonds will be the third Series of Bonds outstanding under the Resolution.

The Series 2007B Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the Authority's security interest in the Pledged Revenues granted by the College to the Authority under the Loan Agreement. The Authority's security interest in the Pledged Revenues will be subject to the Prior Pledges securing certain of the College's outstanding indebtedness.

The Series 2007B Bonds will also be secured by the proceeds from the sale of the Series 2007B Bonds (until disbursed as provided by the Resolution) and by all funds and accounts authorized by the Resolution (with the exception of the Arbitrage Rebate Fund or any fund or account established for the payment of the purchase price or Redemption Price of Option Bonds tendered for purchase or redemption), which include a Debt Service Reserve Fund. At the time of the issuance of the Series 2007B Bonds, one-half of the increase in the Debt Service Reserve Fund Requirement will be funded with proceeds of the Series 2007B Bonds and the other half will be funded with a Reserve Fund Facility to be issued by Radian Asset Assurance Inc. (the “Insurer”). See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS - Security for the Series 2007B Bonds.”

## **Bond Insurance**

The Insurer has committed to issue a financial guaranty insurance policy guaranteeing the payment of the principal and Sinking Fund Installments, if any, of and the interest on the Series 2007B Bonds when due. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS - The Financial Guaranty Insurance Policy” and “Appendix F - Specimen Financial Guaranty Insurance Policy.”

## **The Mortgages**

The College's obligations to the Authority under the Loan Agreement are additionally secured by Mortgages (defined below) on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith. At the time of delivery of the Series 2007B Bonds,

the Authority will assign the mortgage executed in connection with the Series 2007B Bonds to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS - The Mortgages.”

### **The 2007B Project**

The 2007B Project consists of the construction of a parking facility. See “PART 5 - THE 2007B PROJECT.”

## **PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2007B Bonds and certain related covenants. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2007B Resolution, the Loan Agreement, the Mortgages, the Financial Guaranty Insurance Policy and the Surety Bonds. Copies of the Resolution, the Series 2007B Resolution, the Loan Agreement, the Mortgages, the Financial Guaranty Insurance Policy and the Surety Bonds are on file with the Authority and the Trustee. See also “Appendix C - Summary of Certain Provisions of the Loan Agreement, as Supplemented,” “Appendix D - Summary of Certain Provisions of the Resolution,” “Appendix F - Specimen Financial Guaranty Insurance Policy” and “Appendix G - Specimen Surety Bond” for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 2007B Bonds**

The Series 2007B Bonds and all other Bonds issued under the Resolution are special obligations of the Authority. The principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2007B Bonds are payable solely from the Revenues. The Revenues consist of the payments required to be made by the College under the Loan Agreement to satisfy the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Outstanding Bonds, including the Series 2007B Bonds, and to maintain the Debt Service Reserve Fund at its requirement. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Bonds, including the Series 2007B Bonds.

The Loan Agreement is a general obligation of the College and obligates the College to make payments to satisfy the principal and Sinking Fund Installments, if any, of and interest on all Outstanding Bonds, including the Series 2007B Bonds. Such payments (except with respect to Variable Interest Rate 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 coming due on the next succeeding interest payment date and of the principal coming due on the next succeeding July 1. The Loan Agreement also obligates the College to pay, at least 30 days prior to a redemption date of Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Bonds. See “PART 3 - THE SERIES 2007B BONDS - Redemption and Purchase in Lieu of Redemption Provisions.”

The Authority has directed, and the College 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, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds. The payments to be made by the College to restore the Debt Service Reserve Fund to its requirement are to be made directly to the Trustee for deposit to the Debt Service Reserve Fund.

### **Security for the Series 2007B Bonds**

The Series 2007B Bonds will be secured by the pledge and assignment of the Revenues, the proceeds from the sale of the Series 2007B Bonds (until disbursed as provided in the Resolution), all funds and accounts authorized under the Resolution and established under the applicable Series Resolution (with the exception of the Arbitrage Rebate Fund or any fund or account established for the payment of the purchase price of Option Bonds tendered for purchase) and the Authority's security interest in the Pledged Revenues.

In addition, the mortgage executed in connection with the Series 2007B Bonds and the Authority's right, title and interest under the Loan Agreement, as supplemented, other than certain retained rights, will be assigned by the Authority to the Trustee at the time the Series 2007B Bonds are issued pursuant to the Assignment of Mortgage from the Authority to the Trustee and the Assignment Agreement among the Authority, the Trustee and the Insurer, as amended (collectively, the “Assignment Agreements”). Pursuant to the Assignment Agreements, the Authority retains the right to receive certain fees and indemnification and the right, for a limited time, to direct the remedies for or waive, certain events of default under

the Loan Agreement relating to breaches of certain covenants other than those regarding payments of amounts sufficient to pay principal of and interest on the Bonds. The Insurer, through the Trustee, has the right to direct the remedies for, or waive, such events of default under the Loan Agreement after such limited period and all other events of default under the Loan Agreement.

All Bonds, notwithstanding the Series Resolution under which issued or their date or dates of issuance, will be secured equally and ratably by the foregoing except as otherwise provided in or permitted by the Resolution.

#### *Pledged Revenues*

As security for its obligations under the Loan Agreement, the College has granted to the Authority a security interest in the Pledged Revenues, subject to the Prior Pledges. The Pledged Revenues consist of all tuition, fees and charges paid or payable to the College and the right to receive the same and the proceeds thereof. The Authority has pledged and assigned to the Trustee for the benefit of the Holders of Bonds its security interest in the Pledged Revenues.

#### *Debt Service Reserve Fund*

The Resolution establishes the Debt Service Reserve Fund which is to be held by the Trustee. Amounts in the Debt Service Reserve Fund are to be applied solely for the purposes specified in the Resolution and are pledged to secure the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds, including the Series 2007B Bonds. The Resolution requires that the Debt Service Reserve Fund be maintained at an amount equal to its requirement, which is the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments, if any, of and interest on Outstanding Bonds payable during such year (excluding interest accrued on such Bonds from the dated date of any such Bonds to the January 1 or July 1 immediately preceding the first interest payment date). However, the maximum amount of the Debt Service Reserve Fund Requirement is limited to the amount of proceeds of such Bonds that are permitted by the Code to be used to fund the Debt Service Reserve Fund. See "Appendix A - Certain Definitions - Debt Service Reserve Fund Requirement."

The increase in the Debt Service Reserve Fund Requirement attributable to the Series 2007B Bonds will be funded from two sources. One-half (1/2) of such amount will be provided from proceeds of the Series 2007B Bonds and the other half from the deposit of a surety bond provided by Radian Asset Assurance Inc. which qualifies as a Reserve Fund Facility. See "Appendix G - Specimen Surety Bond."

In lieu of, or in substitution for, moneys, Government Obligations or Exempt Obligations, the Authority may deposit or cause to be deposited to the Debt Service Reserve Fund a surety bond, insurance policy or letter of credit for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Fund Requirement (individually, a "Reserve Fund Facility"). Except as may be provided in a Series Resolution or a Bond Series Certificate, in order for a surety bond or insurance policy to be permitted under the Resolution, the claims paying ability of the insurance company or association must, at the time of its delivery, be rated in at least the second highest rating category accorded by a nationally recognized insurance rating agency or obligations insured by a surety bond or an insurance policy issued by such company or association must be rated, at the time of its delivery, without regard to qualification of such rating by "+" or "-" or numerical notation, in at least the second highest rating category for such obligations by the Rating Service then rating the Outstanding Bonds. Similarly, a letter of credit may be delivered only if the unsecured or uncollateralized long-term debt obligations of the issuer of the letter of credit, or long-term debt obligations secured or supported by a letter of credit of such issuer are rated without regard to qualification of such rating by "+" or "-" or numerical notation, in at least the second highest rating category for such obligations by the Rating Service then rating the Outstanding Bonds. However, if the ratings of a Facility Provider's long-term debt or of obligations supported by a surety bond, insurance policy or letter of credit of such Facility Provider, are reduced below those set forth above, another Reserve Fund Facility must be obtained to replace the affected Reserve Fund Facility or, over a five-year period, the affected Reserve Fund Facility must be replaced by cash, Government Obligations or Exempt Obligations. For purposes of computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility will be valued at the amount available to be paid thereunder on the date of computation. See "Appendix D - Summary of Certain Provisions of the Resolution."

Where the Debt Service Reserve Fund contains both a Reserve Fund Facility and cash, the Resolution requires that the cash be drawn down completely before any demand is made on the Reserve Fund Facility. Where the Debt Service Reserve Fund contains more than one Reserve Fund Facility, the Resolution provides for a pro rata draw on each of the Reserve Fund Facilities.

The Reserve Fund Facility for the Series 2007B Bonds will be the third Reserve Fund Facility deposited in the Debt Service Reserve Fund. The two Reserve Fund Facilities currently on deposit in the Debt Service Reserve Fund were also

provided by Radian Asset Assurance Inc. (or a predecessor entity) and funded one-half (1/2) of the Debt Service Reserve Fund Requirement allocable to the Series 2000 Bonds and the Series 2007A Bonds, respectively.

Moneys in the Debt Service Reserve Fund are to be withdrawn and deposited in the Debt Service Fund in accordance with the Resolution to pay the principal and Sinking Fund Installments, if any, of and interest on Outstanding Bonds payable on an interest payment date. The Loan Agreement requires that the College restore the Debt Service Reserve Fund to its requirement by paying the amount of any deficiency to the Trustee within five Business Days after receiving notice of a deficiency. Moneys in the Debt Service Reserve Fund in excess of its requirement may be withdrawn and applied in accordance with the Resolution. See “Appendix C - Summary of Certain Provisions of the Loan Agreement, as Supplemented” and “Appendix D - Summary of Certain Provisions of the Resolution.”

### **The Financial Guaranty Insurance Policy**

The following information has been furnished by the Insurer for use in this Official Statement. Reference is made to Appendix F for a specimen of the Policy.

#### *Description of the Policy*

A financial guaranty insurance policy (the “Policy”) will be issued by Radian Asset Assurance Inc. (the “Insurer”) simultaneously with the issuance and delivery of the Series 2007B Bonds. The Policy is noncancelable during its term and provides for the prompt payment of principal of and interest on the Series 2007B Bonds to the extent that the Trustee has not received sufficient funds from the Authority for payment of the Series 2007B Bonds on the “due date.” The Insurer is obligated to make the required payment on the later of the due date or the first business day after which the Insurer has received notice from The Bank of New York, as Insurance Trustee (the “Insurance Trustee”), that the Authority has failed to pay amounts due on the Series 2007B Bonds. Under the Policy, the “due date” of the Series 2007B Bonds, when referring to the payment of principal, means the stated maturity date thereof or the date on which payment of principal is due by reason of mandatory sinking fund payments and does not mean any earlier date on which payment is due by reason of any call for redemption, acceleration, or other advancement of maturity, other than in the discretion of the Insurer. With respect to interest on the Series 2007B Bonds, the “due date” means the stated date for payment of interest. The Policy guarantees reimbursement of any recovery of any such payment from a Holder or the Trustee pursuant to a final judgment by any court of competent jurisdiction holding that such payment constituted a voidable preference within the meaning of any applicable bankruptcy law.

Upon the occurrence and continuance of an Event of Default, the Insurer, may, in its discretion, direct the acceleration of the Series 2007B Bonds at a price equal to the principal amount thereof plus accrued interest, or the Insurer may elect to continue to pay principal and interest on the originally scheduled due dates of the Series 2007B Bonds. For specific information on the coverage provided, reference should be made to the Policy that has been reproduced in specimen form in Appendix F hereto. The Policy does not insure against nonpayment of principal or interest on the Series 2007B Bonds due to the insolvency, misconduct or negligence of the Trustee. The Policy does not insure the payment of any redemption premium.

#### *Description of the Insurer*

Radian Asset Assurance Inc. (the “Insurer”) is a monoline financial guaranty insurance company, regulated by the Insurance Department of the State of New York and licensed to do business in all 50 states, the District of Columbia, Guam and the United States Virgin Islands. As of September 30, 2007, the Insurer had total consolidated shareholders’ equity of approximately \$1,607,013,000 and total consolidated assets of approximately \$2,788,746,000, which amounts include the effects of a \$100 million capital infusion into the Insurer made by the Insurer’s ultimate parent, Radian Group Inc. (“Radian”) on September 7, 2007.

The financial information relating to the Insurer presented in this Official Statement was prepared internally by the Insurer, based on accounting principles generally accepted in the United States of America (“GAAP”), and has not been audited by independent auditors. The address of the Insurer’s administrative office is 335 Madison Avenue, New York, New York 10017, and its telephone number is 212-983-5859.

The Insurer has filed the information contained in (i) – (iv) below with entities designated as Nationally Recognized Municipal Securities Information Repositories (“NRMSIRs”) pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, and such financial information is available through such NRMSIRs:

(i) The Insurer’s audited consolidated financial statements as of December 31, 2006 and 2005, and for each of the three years in the period ended December 31, 2006, prepared in accordance with GAAP, together with the accompanying

report of the Insurer's independent registered public accounting firm, which expresses an unqualified opinion (the "Radian Financial Statements");

(ii) The Insurer's quarterly unaudited consolidated balance sheet as of March 31, 2007 and unaudited consolidated statement of operations for the three-month period then ended, prepared in accordance with GAAP;

(iii) The Insurer's quarterly unaudited consolidated balance sheet as of June 30, 2007 and unaudited consolidated statement of operations for the six-month period then ended, prepared in accordance with GAAP; and

(iv) The Insurer's quarterly unaudited consolidated balance sheet as of September 30, 2007 and unaudited consolidated statement of operations for the nine-month period then ended, prepared in accordance with GAAP.

On September 26, 2007, the Insurer's independent auditors, Deloitte & Touche LLP, declined to stand for reappointment as Radian's and its subsidiaries', including the Insurer, independent auditors for the 2007 audit and its engagement will end shortly following the filing of Radian's Quarterly Report on Form 10-Q for the third quarter of 2007. On October 30, 2007, Radian engaged PricewaterhouseCoopers LLP as its and its subsidiaries', including the Insurer's, independent registered public accounting firm for the year ending December 31, 2007.

Additional information regarding the Insurer can be found in documents filed by Radian with the Securities and Exchange Commission ("SEC") referring to the Insurer, the financial guaranty business or financial guaranty insurance including: (a) Annual Report on Form 10-K for the year ended December 31, 2006, under the headings: (i) "Forward Looking Statements - Safe Harbor Statement" (but only insofar as it relates to the financial guaranty business or financial guaranty insurance); (ii) Item 1. Business "I. General" (but only insofar as it relates to the financial guaranty business or financial guaranty insurance), "Financial Guaranty Business (General)," including subsections 1-4 thereunder, "II. Risk in Force/Net Par Outstanding - B. Financial Guaranty (Risk in Force/Net Par Outstanding)," "III. Defaults and Claims - B. Financial Guaranty (Defaults and Claims)," "IV. Loss Management - B. Financial Guaranty (Loss Management)," "V. Risk Management - B. Financial Guaranty (Risk Management)," including subsections 1 and 2 thereunder, "VI. Customers - B. Financial Guaranty (Customers)," "VII. Sales and Marketing - Financial Guaranty (Sales and Marketing)," "VIII - Competition - Financial Guaranty (Competition)," "IX. Ratings" (but only insofar as it relates to the Insurer), and "XI Regulation" Parts A 2-6, C and D (but in each case only insofar as it relates to the Insurer or the financial guaranty business); (iii) "Item 1A - Risk Factors" " - Risks Affecting Our Company" (but only insofar as it relates to the Insurer, the financial guaranty business (or the proposed merger between Radian and MGIC (as defined below)) and " - Risks Particular to our Financial Guaranty Business"; (iv) "Item 6 - "Selected Ratios - Financial Guaranty" and "Other Data - Financial Guaranty," and (v) Item 7 Managements' Discussion and Analysis of Financial Condition and Results of Operations "Business Summary - Financial Guaranty," "Overview of Business Results" (but only insofar as it relates to the Insurer), "Results of Operations - Financial Guaranty" and "Liquidity and Capital Resources" (but only to the extent it relates to the Insurer), and "Critical Accounting Policies" (but only to the extent it relates to the Insurer, the financial guaranty business or "Financial Guaranty"); (b) Quarterly Reports on Form 10-Q for the periods ended March 31, 2007, June 30, 2007 (as amended) and September 30, 2007, in Part I, Item 2 - Managements' Discussion and Analysis of Financial Condition and Results of Operations, under the following headings: "Business Summary - Financial Guaranty," "Overview, of Business Results" (but only to the extent it relates to the Insurer), "Results of Operations - Financial Guaranty," "Liquidity and Capital Resources" (but only to the extent it relates to the Insurer) and "Critical Accounting Policies" (but only to the extent it relates to "Financial Guaranty"); (c) the Reports on Form 8-K dated January 24, 2007, February 6, 2007, February 9, 2007, February 12, 2007, April 9, 2007, April 25, 2007, May 11, 2007, July 25, 2007, August 2, 2007, August 13, 2007, August 16, 2007, August 29, 2007, September 5, 2007, September 10, 2007, October 2, 2007, October 30, 2007 and November 1, 2007; and (d) Report on Form 8-K/A filed March 16, 2007 (amending Report on Form 8-K filed February 6, 2007). This information shall be deemed to be incorporated herein by reference and to be a part of this Official Statement.

Any documents, including any financial statements or financial information of the Insurer and its subsidiaries that are included therein or attached as exhibit thereto, filed by Radian pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of Radian's most recent Quarterly Report on Form 10-Q (as listed in (b) above) or Annual Report on Form 10-K (as listed in (a) above), and prior to the termination of the offering of the Series 2007B Bonds offered hereby, that refer to the Insurer or relate to the financial guaranty business or financial guaranty insurance shall be deemed to be referred to above, incorporated by reference into this Official Statement from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or otherwise contained in this Official Statement, shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any subsequently filed document which also is or deemed incorporated herein by reference modifies or supersedes such statement. Any such statement so



modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

A complete copy of the Radian Financial Statements is available from the Insurer upon written request.

The Insurer is an indirect, wholly owned subsidiary of Radian, a publicly owned corporation with its shares listed on the New York Stock Exchange (symbol “RDN”). Radian is a global credit risk management company headquartered in Philadelphia with significant operations in both New York and London. Radian develops innovative financial solutions by applying its core mortgage credit risk expertise and structured finance capabilities to the credit enhancement needs of the capital markets worldwide, primarily through credit insurance products. The company also provides credit enhancement for public finance and other corporate and consumer assets on both a direct and reinsurance basis and holds strategic interests in credit-based consumer asset businesses. Additional information may be found at [www.radian.biz](http://www.radian.biz). NONE OF RADIAN, RADIAN’S OTHER SUBSIDIARIES OR ANY OF RADIAN’S INVESTORS IS OBLIGATED TO PAY THE DEBTS OF OR CLAIMS AGAINST THE INSURER.

The Insurer is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York, its state of domicile. In addition, Radian and its insurance subsidiaries are subject to regulation by insurance laws of the various other jurisdictions in which they are licensed to do business. As a financial guaranty insurance corporation licensed to do business in the State of New York, the Insurer is subject to Article 69 of the New York Insurance Law which, among other things, limits the business of each financial guaranty insurer to financial guaranty insurance and related business lines, requires that each financial guaranty insurer maintain a minimum surplus to policyholders, establishes contingency, loss and unearned premium reserve requirements for each financial guaranty insurer, and limits the size of individual transactions and the volume of transactions that may be underwritten by each financial guaranty insurer. Other provisions of the New York Insurance Law, applicable to non-life insurance companies such as the Insurer regulate, among other things, permitted investments, payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liability for borrowings.

Neither the Insurer nor any of its affiliates accepts any responsibility for the accuracy or completeness of, nor have they participated in the preparation of, this Official Statement or any information or disclosure that is provided to potential purchasers of the Series 2007B Bonds, or omitted from such disclosure, other than with respect to the accuracy of information presented under this heading “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS - The Financial Guaranty Insurance Policy” and as set forth in Appendix F and Appendix G of this Official Statement. The Insurer’s role is limited to providing the coverage set forth in the Policy and the Surety Bonds. In addition, the Insurer makes no representation regarding the Series 2007B Bonds or the advisability of purchasing the Series 2007B Bonds.

On February 6, 2007, Radian and MGIC Investment Corporation (NYSE: MTG) (“MGIC”) entered into an Agreement and Plan of Merger, pursuant to which Radian agreed, subject to the terms and conditions of the merger agreement, to merge with and into MGIC. On September 4, 2007, facing market conditions that had made combining the companies significantly more challenging, Radian and MGIC entered into an agreement that terminated the Agreement and Plan of Merger, abandoned the merger contemplated by such agreement and released each other from related claims. Neither company made a payment to the other in connection with the termination.

The current ratings of the Insurer are “AA” (outlook stable) by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“S&P”) and “Aa3” (outlook stable) from Moody’s Investors Service, Inc. (“Moody’s”). As discussed below, Radian has formally requested that Fitch Ratings Services (“Fitch”) immediately withdraw its insurer financial strength ratings on the Insurer. Notwithstanding this withdrawal request, Fitch continues to maintain an A+ (Ratings Watch Evolving) rating on the Insurer.

On September 5, 2007, S&P published a report stating that, unlike the ratings for Radian and its mortgage insurance subsidiaries (“Radian MI”) which are on CreditWatch with negative implications, the “AA” rating on the Insurer is not on CreditWatch. This report also indicated that Radian’s management has stated that it is willing to take whatever reasonably practicable steps would be necessary to protect the Insurer from the weaker holding company and affiliates were Radian and Radian MI to be downgraded.

On September 5, 2007, Moody’s affirmed the Insurer’s “Aa3” insurance financial strength rating and stable outlook. Moody’s attributed this affirmation to the Insurer’s stable earnings, limited exposure to residential mortgage risk and the diversity of its direct financial guaranty and reinsurance portfolio. Moody’s stated that it believes the Insurer is adequately capitalized for the risk of its insured portfolio and that Radian’s \$100 million capital infusion into the Insurer will further bolster the Insurer’s capital position, enhancing its flexibility to continue to write new business.

On July 31, 2007, Fitch placed the “AA” insurer financial strength rating of the Insurer, all obligations insured by the Insurer and all of Radian’s other insurance subsidiaries on Rating Watch Negative. On September 5, 2007, following the announcement of the termination of the pending merger between Radian and MGIC, Fitch downgraded the insurer financial strength rating of the Insurer and the ratings for all obligations insured by the Insurer to “A+” from “AA” and revised the Rating Watch on the Insurer to “Evolving” from “Negative.” Fitch stated that the Ratings Watch Evolving on the Insurer indicates that the ratings of the Insurer could be raised, lowered or affirmed within the very near-term. Absent additional financial or capital support from either internal or external means, Fitch indicated it is likely that the Insurer’s ratings will be lowered further, but if additional financial backing is forthcoming, Fitch will evaluate that level of support and will consider upgrading the Insurer’s ratings at that time.

On September 5, 2007, Radian formally requested that Fitch immediately withdraw all of its ratings for Radian and its subsidiaries, including the insurer financial strength ratings on the Insurer. Consequently, Radian has ceased providing information to Fitch in support of its ratings of the Insurer. On September 9, 2007, Fitch announced that it would not honor Radian’s request at that time in light of the current high level of investor interest in both the mortgage insurance and financial guaranty industries, but that Fitch would instead monitor investor interest and make a decision with respect to Radian’s request at a future date based on market feedback. Fitch also acknowledged that it would withdraw its ratings of Radian and its subsidiaries regardless of investor interest if it believed that it no longer had access to adequate public and non-public information to credibly maintain its ratings.

The ratings of S&P, Moody’s and Fitch reflect only the views of the applicable rating agency, respectively, do not constitute a recommendation to buy, sell or hold securities and are subject to revision or withdrawal at any time by such rating agencies. Any further explanation of any rating may be obtained only from the applicable rating agency. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007B Bonds. The Insurer does not guarantee the market price or investment value of the Series 2007B Bonds nor does it guarantee that the ratings on the Series 2007B Bonds will not be revised or withdrawn.

#### *Description of the Debt Service Reserve Fund Surety Bonds*

Concurrently with the delivery of the Series 2007B Bonds, the Insurer will issue a debt service reserve fund surety bond that, together with (a) the surety bonds delivered to the Trustee in connection with the Series 2000 Bonds and the Series 2007A Bonds (collectively, the “Surety Bonds”) and (b) amounts on deposit in the Debt Service Reserve Fund from the proceeds of the Series 2000 Bonds, the Series 2007A Bonds and the Series 2007B Bonds, will provide funds needed to satisfy the Debt Service Reserve Fund Requirement for the Outstanding Bonds. Approximately one-half (1/2) of the Debt Service Reserve Fund Requirement will be funded with the Surety Bonds and one-half (1/2) will be funded with proceeds from the Series 2007B Bonds and amounts already on deposit in the Debt Service Reserve Fund.

The Surety Bonds guarantee that upon the later of (i) 3 days after receipt by the Insurer of a Demand for Payment or (ii) the payment date of the Bonds as specified in the Demand for Payment, the Insurer will deposit funds with the Insurance Trustee sufficient for the payment of amounts needed by the Trustee in accordance with terms of the Resolution subject to the amounts available under the terms of the respective Surety Bonds.

The Insurer requires that cash in the Debt Service Reserve Fund be drawn down completely before any demand is made on the Surety Bonds. Where the Debt Service Reserve Fund contains multiple surety bonds, the Resolution provides for a pro rata draw on each of the surety bonds. The Insurer shall be reimbursed for any payment on the Surety Bonds before the cash in the Debt Service Reserve Fund is replenished.

For specific information on the terms and requirements regarding the coverage provided by the Surety Bond issued in connection with the delivery of the Series 2007B Bonds, refer to the specimen Surety Bond in Appendix G. No acceleration payment can be made under the Surety Bonds unless such acceleration is at the sole option of the Insurer.

### **The Mortgages**

The College’s obligations to the Authority under the Loan Agreement, as supplemented, are additionally secured by two mortgages (the “Existing Mortgages”) on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or thereon. The Authority has assigned the Existing Mortgages and such security interests to the Trustee. In connection with the issuance of the Series 2007B Bonds, the College’s obligations to the Authority under the Loan Agreement will be additionally secured by a mortgage (the “Series 2007B Mortgage” and, together with the Existing Mortgages, the “Mortgages”) on the Mortgaged Property and security interests in certain

fixtures, furnishings and equipment now or hereafter located therein or thereon, which will likewise be assigned to the Trustee. Together, the Mortgages will secure all obligations of the College under the Loan Agreement. Property subject to the Mortgages may be released, and the Mortgages may be amended, with the prior written consent of the Authority and the Insurer but without the consent of the Trustee or the Bondholders.

## **Covenants**

Set forth below is a brief summary of certain financial covenants, and related definitions, contained in the Loan Agreement. The Loan Agreement contains remedies which may be exercised following an Event of Default thereunder. See “PART 2 - SOURCE OF PAYMENT OF AND SECURITY FOR THE SERIES 2007B BONDS - Events of Default and Acceleration” and “Appendix C - Summary of Certain Provisions of the Loan Agreement, as Supplemented.”

### *Rate Covenant*

The College will fix, charge, collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, fees and charges which, together with other Unrestricted Revenues (defined below), will be sufficient in each Fiscal Year (defined below) to provide for the payment of (i) operating and maintenance expenses of the type set forth in the College’s audited financial statements incurred during such Fiscal Year, (ii) debt service on the Bonds and all other Debt (defined below) of the College due and payable during such Fiscal Year and (iii) all other amounts, fees and charges, if any, due and payable during such Fiscal Year under the Loan Agreement, any Interest Rate Exchange Agreement pertaining to a Series of Bonds, any Auction Agency Agreement, any Broker-Dealer Agreement, any Market Agent Agreement, any Remarketing Agreement, and any other document executed in connection with a Series of Bonds.

### *Additional Debt Test*

The College may incur Debt secured by a mortgage and the Pledged Revenues equally and ratably with the debt represented by the Bonds (“Parity Debt”) provided that Net Revenues Available for Debt Service (defined below), as certified by a written report of an Accountant (defined below) which will be filed with the Authority for each of the two most recent Fiscal Years for which audited financial statements are available immediately preceding the date of incurrence of such Parity Debt, was at least equal to 1.25 times Maximum Aggregate Annual Debt Service (defined below) on all outstanding Parity Debt and the Parity Debt proposed to be incurred.

### *Unrestricted Resources Test*

The College will at all times maintain Unrestricted Resources of at least \$7,000,000. In the event the amount of Unrestricted Resources as indicated on the College’s audited financial statements is less than \$7,000,000 as of the end of any fiscal year of the College, by no later than the end of the next succeeding fiscal year, the College will deposit into the Debt Service Reserve Fund an amount sufficient to cause cash and Securities deposited in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement and the Trustee will thereafter release the Surety Bonds issued by the Facility Provider.

### *Subordinated Debt*

Any debt of the College which is subordinate to the lien of the Bondholders on the Pledged Revenues (“Subordinated Indebtedness”), will have the same payment dates as the Series 2007B Bonds and provide that such debt may not be accelerated without the consent of the Credit Facility Provider.

The Subordinated Indebtedness will at all times be wholly subordinate and junior in right of payment to any and all indebtedness of the College under the Loan Agreement or the Bonds (“Superior Indebtedness”).

The College agrees, for the benefit of the holders of Superior Indebtedness, that in the event that any Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of a default under the Loan Agreement, (a) the College will give prompt notice in writing of such happening to the holders of Superior Indebtedness and (b) all Superior Indebtedness shall forthwith become immediately due and payable upon demand, regardless of the expressed maturity thereof.

### *Definitions*

For the purposes of the Rate Covenant, the Additional Bonds Test and the Unrestricted Resources Test, the following terms will have the following respective meanings:

“*Accountant*” means any Person who is a certified public accountant or firm of such accountants with a national or regional reputation selected by the College and acceptable to the Authority.

“*Debt*” means any guarantee and any indebtedness of the College for borrowed money (other than accounts payable and accruals), as determined in accordance with generally accepted accounting principles, including obligations with respect to the Bonds, under conditional sales contracts or other title retention contracts and rental obligations under leases which are considered capital leases under generally accepted accounting principles.

“*Fiscal Year*” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period subsequently selected and designated as the official fiscal year period of the College.

“*Maximum Aggregate Annual Debt Service*” means, as of any date of calculation, the aggregate debt service on all Parity Debt as computed for the then current or any future Fiscal Year in which such sum is the largest.

“*Net Investment in Plant*” means Property, Plant and Equipment, net, as reflected in the College’s most recent audited financial statements, minus Long-Term Debt, net, as reflected in the College’s most recent audited financial statements.

“*Net Revenues Available for Debt Service*” means for any period the unrestricted surplus of the College as shown on its audited financial statements for such period, adjusted by (a) subtracting (to the extent included in unrestricted surplus) unrealized gains or losses on investments for such period, and (b) adding (to the extent not already included in unrestricted surplus) each of the following (to the extent not already included in unrestricted surplus): (i) income and gains from long-term investing activities and (ii) depreciation and interest.

“*Person*” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“*Unrestricted Revenues*” means for any period the unrestricted revenues of the College as shown on its audited financial statements for such period, adjusted by (a) subtracting each of the following (to the extent included in unrestricted revenues): (i) bad debt allowance for such period, (ii) unrealized gains or losses on investments for such period, and (iii) any pledges by donors made in such period but not actually collected in such period and (b) adding each of the following (to the extent not already included in unrestricted revenues): (i) net assets released from temporary restrictions in such period and (ii) any donations actually collected in such period, but for which pledges were recorded as unrestricted revenues for a prior period.

“*Unrestricted Resources*” means Unrestricted Net Assets, as reflected in the College’s most recent audited financial statements, minus Net Investment in Plant, as defined above.

See “Appendix C - Summary of Certain Provisions of the Loan Agreement, as Supplemented.”

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

The following are events of default under the Resolution and under each Series Resolution: (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) with respect to the Bonds of any Series, a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Resolution or in a Series Resolution authorizing the issuance of such Series of Bonds 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 Bonds or in the Resolution or in any Series Resolution 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 prosecutes 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 College under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the College 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) or (iv) of the preceding paragraph) occurs and continues, the Trustee may, with the written consent of each Credit Facility Provider, and shall, upon the written request of a Credit Facility Provider, by written notice to the Authority,

declare the principal of and interest on all of the Outstanding Bonds to be due and payable immediately. At the expiration of 30 days from the giving of such notice, such principal and interest shall become immediately due and payable. At any time after the principal of all Outstanding Bonds shall have been so declared to be due and payable, and before the completion of the enforcement of any remedy under the Resolution, the Trustee shall, with the written consent of the Credit Facility Provider, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Credit Facility Providers or the Holders of a majority in principal amount of the Outstanding Bonds with the consent of the Credit Facility Providers, shall have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee (i) to each Credit Facility Provider and the College within 5 days, and (ii) and to the Holders of the Outstanding Bonds within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such event of 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 Installment or Redemption Price of, or interest on, any of the Bonds, the Trustee shall 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 Bonds.

### **Issuance of Additional Bonds**

In addition to the Series 2007B Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specific purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the College. All Bonds issued under the Resolution will rank on a parity with each other. See “Appendix D - Summary of Certain Provisions of the Resolution.”

### **General**

The Series 2007B Bonds will not be a debt of the State nor will the State be liable thereon. 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 2007B BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 2007B Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2007B Resolution 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, as Supplemented” and “Appendix D - Summary of Certain Provisions of the Resolution” for a more complete description of certain provisions of the Series 2007B Bonds.*

### **Description of the Series 2007B Bonds**

The Series 2007B Bonds will be issued pursuant to the Resolution and the Series 2007B Resolution, will be dated their date of delivery, and will bear interest from such date (payable July 1, 2008 and on each January 1 and July 1 thereafter) at the rates, and will mature at the times set forth on the cover page of this Official Statement. Interest on the Series 2007B Bonds shall accrue based upon a 360-day year of twelve 30-day months.

The Series 2007B Bonds will be issued as fully registered bonds. The Series 2007B Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2007B Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2007B Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2007B Bonds, the Series 2007B Bonds will be exchangeable for other fully registered Series 2007B Bonds in any other authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “Book-Entry Only System” herein and “Appendix D - Summary of Certain Provisions of the Resolution.”

Interest on the Series 2007B Bonds will be payable by check or draft mailed to the registered owners thereof or, at the option of the registered owner of at least \$1,000,000 of such Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the Record Date. The principal or Redemption Price of the Series 2007B 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, New York, New York, the Trustee and Paying Agent. As long as the Series 2007B Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See “Book-Entry Only System” herein.

For a more complete description of the Series 2007B Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

### **Redemption and Purchase in Lieu of Redemption Provisions**

The Series 2007B Bonds are subject to optional, special and mandatory redemption, and to purchase in lieu of optional redemption, as described below.

#### *Optional Redemption*

The Series 2007B Bonds maturing after July 1, 2017 are subject to redemption prior to maturity on or after July 1, 2017, in any order, at the option of the Authority, as a whole or in part at any time, at a price of 100% of the principal amount thereof plus accrued interest to the redemption date.

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

The Series 2007B Bonds maturing after July 1, 2017 are also subject to purchase in lieu of optional redemption prior to maturity at the election of the College with the consent of the Authority and the Insurer, on or after July 1, 2017, in any order, in whole or in part at any time, at a price of 100% of the principal amount thereof (the “Purchase Price”), plus accrued interest to the date set for purchase (the “Purchase Date”).

#### *Special Redemption*

The Series 2007B Bonds are also subject to redemption, in whole or in part, at a price of 100% of the principal amount thereof, at the option of the Authority on any interest payment date, from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the 2007B Project, and from unexpended proceeds of the Series 2007B Bonds upon an abandonment of all or a portion of the 2007B Project due to a legal or regulatory impediment.

#### *Mandatory Redemption*

In addition, the Series 2007B Bonds maturing on July 1, 2013, July 1, 2017 and July 1, 2037, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2007B Bonds specified for each of the years shown below:

#### **Term Bonds Maturing on July 1, 2013**

<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2011	\$265,000
2012	280,000
2013 †	295,000

#### **Term Bonds Maturing on July 1, 2017**

<b><u>Year</u></b>	<b><u>Sinking Fund Installments</u></b>
2014	\$310,000
2015	325,000
2016	340,000
2017 †	360,000

†Final maturity.

**Term Bonds Maturing on July 1, 2037**

<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>
2018	\$375,000	2028	\$ 630,000
2019	395,000	2029	665,000
2020	415,000	2030	700,000
2021	440,000	2031	735,000
2022	460,000	2032	775,000
2023	485,000	2033	815,000
2024	510,000	2034	860,000
2025	540,000	2035	905,000
2026	570,000	2036	950,000
2027	600,000	2037†	1,000,000

† Final maturity.

The Authority may from time to time direct the Trustee to purchase Series 2007B Bonds with moneys set aside for redemption in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2007B Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2007B Bonds of the same maturity. The College also may purchase Series 2007B Bonds and apply any Series 2007B Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2007B Bonds of the same maturity. To the extent the Authority's obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Holder's Series 2007B Bonds of the maturity so purchased will be reduced for such year.

*Selection of Bonds to be Redeemed*

In the case of redemptions of Series 2007B Bonds described above under the heading "*Optional Redemption*", the Authority will select the maturities of the Series 2007B Bonds to be redeemed. In the case of redemptions of Series 2007B Bonds described above under the heading "*Special Redemption*", Series 2007B Bonds will be redeemed to the extent practicable pro rata among maturities within the Series 2007B Bonds to be redeemed. If less than all of the Series 2007B Bonds of a maturity are to be redeemed, the Series 2007B Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

*Notice of Redemption*

The Trustee is to give notice of the redemption of the Series 2007B Bonds in the name of the Authority which notice shall be given by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to the registered owners of any Series 2007B Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2007B Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2007B Bond. If directed in writing by an Authorized Officer of the Authority, the Trustee shall publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 60 days prior to the redemption date, but such publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2007B Bonds.

If, on the redemption date, moneys for the redemption of the Series 2007B Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, and if notice of redemption has been mailed, then interest on the Series 2007B Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2007B Bonds will no longer be considered to be Outstanding under the Resolution and the Series 2007B Resolution.

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

Notice of purchase of the Series 2007B Bonds will be given in the name of the College to the registered owners of the Series 2007B Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the Purchase Date specified in such notice. The Series 2007B Bonds to be purchased are required

to be tendered on the Purchase Date to the Trustee. Series 2007B Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. In the event the Series 2007B Bonds are called for purchase in lieu of an optional redemption, such purchase shall not operate to extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2007B Bonds and such Series 2007B Bonds need not be cancelled, but shall remain Outstanding under the Resolution and in such case shall continue to bear interest.

The College's obligation to purchase a Series 2007B 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 2007B 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 2007B Bonds to be purchased, the former registered owners of such Series 2007B 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 2007B 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 2007B Bonds in accordance with their respective terms.

In the event not all of the Outstanding Series 2007B Bonds of a maturity are to be purchased, the Series 2007B Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2007B Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2007B Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2007B Bonds. The Series 2007B 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 2007B Bond certificate will be issued for each maturity of the Series 2007B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2007B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2007B 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 2007B 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 Series 2007B Bonds, except in the event that use of the Book-Entry Only System for the Series 2007B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007B 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 2007B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2007B Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2007B Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "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 2007B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2007B 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, redemption premium, if any, and interest to Cede & Co. is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC (or such other nominee as may be requested by an authorized representative of DTC), and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2007B Bonds registered in its name for the purposes of payment of the principal, or redemption premium, if any, of, or interest on, the Series 2007B Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2007B Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2007B Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2007B Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as a registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of the Series 2007B Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to Series 2007B 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, Series 2007B 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, Series 2007B Bond certificates will be printed and delivered to DTC.

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

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE 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 2007B Bonds, as nominee for DTC, references herein to the Bondholders, Holders, or registered owners of the Series 2007B Bonds (other than under the captions "PART 10 – TAX MATTERS" and "PART 15 – CONTINUING DISCLOSURE") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2007B Bonds.

### Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the College 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 College, the principal of and interest on the Series 2007B Bonds and the total debt service on all indebtedness of the College, including the Series 2007B Bonds.

### Debt Service on College Indebtedness

12 Month Period Ending <u>June 30,</u>	Debt Service on Existing Outstanding Indebtedness	Series 2007B Bonds		Total Debt Service on the Series 2007B Bonds	Total Debt Service
		Principal Payments	Interest Payments		
2008	\$5,788,533	-	\$418,330	\$ 418,330	\$6,206,863
2009	5,746,283	-	788,475	788,475	6,534,758
2010	5,795,508	-	788,475	788,475	6,583,983
2011	5,725,658	\$ 265,000	788,475	1,053,475	6,779,133
2012	5,742,783	280,000	775,225	1,055,225	6,798,008
2013	5,741,933	295,000	761,225	1,056,225	6,798,158
2014	5,703,658	310,000	746,475	1,056,475	6,760,133
2015	5,759,608	325,000	730,975	1,055,975	6,815,583
2016	5,769,283	340,000	714,725	1,054,725	6,824,008
2017	5,749,608	360,000	697,725	1,057,725	6,807,333
2018	5,791,683	375,000	679,725	1,054,725	6,846,408
2019	5,786,658	395,000	659,850	1,054,850	6,841,508
2020	3,946,458	415,000	638,915	1,053,915	5,000,373
2021	2,758,539	440,000	616,920	1,056,920	3,815,459
2022	2,723,400	460,000	593,600	1,053,600	3,777,000
2023	2,726,600	485,000	569,220	1,054,220	3,780,820
2024	2,728,000	510,000	543,515	1,053,515	3,781,515
2025	2,726,250	540,000	516,485	1,056,485	3,782,735
2026	2,726,750	570,000	487,865	1,057,865	3,784,615
2027	2,724,250	600,000	457,655	1,057,655	3,781,905
2028	2,723,750	630,000	425,855	1,055,855	3,779,605
2029	2,725,000	665,000	392,465	1,057,465	3,782,465
2030	2,727,750	700,000	357,220	1,057,220	3,784,970
2031	2,726,750	735,000	320,120	1,055,120	3,781,870
2032	2,727,000	775,000	281,165	1,056,165	3,783,165
2033	2,723,250	815,000	240,090	1,055,090	3,778,340
2034	2,725,500	860,000	196,895	1,056,895	3,782,395
2035	2,723,250	905,000	151,315	1,056,315	3,779,565
2036	2,726,500	950,000	103,350	1,053,350	3,779,850
2037	2,724,750	1,000,000	53,000	1,053,000	3,777,750
2038	2,723,000	-	-	-	2,723,000
2039	2,726,000	-	-	-	2,726,000
2040	2,723,250	-	-	-	2,723,250
2041	2,724,750	-	-	-	2,724,750

## PART 4 - THE COLLEGE

### GENERAL INFORMATION

#### General and Historical

Manhattan College was established in 1853 by the Brothers of the Christian Schools, an order organized by St. John Baptist De La Salle, an educational leader and social reformer. The school, originally founded as St. Vincent's Academy in 1848, moved from Canal Street in lower Manhattan to what was then known as the Manhattanville section of New York City at 131st Street and Broadway. A Board of Trustees composed of ten laymen and eight Brothers of the Christian Schools was assembled in 1862 to petition the Board of Regents and the Legislature of the State of New York to charter a collegiate institution named Manhattan College. The charter was approved by the Legislature and issued by the Board of Regents on April 2, 1863. In 1921, construction of three buildings began in the Riverdale section of Bronx County in The City of New York and the transfer of all students to the present campus was effected in 1923. Fifteen buildings have since been added to the original buildings erected on the Riverdale Campus. The principal campus is located on approximately 22 acres on the heights above Van Cortlandt Park. Founded originally as a college for men, the College became coeducational in 1974.

The growth of Manhattan College during the past century can be seen in the development of its student body and its varied curricula. From a student enrollment of 45 in 1853, coming predominantly from New York City, the College has grown to 3,450, including 42 students enrolled in the Study Abroad Program. The 2007-08 freshman class has students coming from 27 states and three foreign countries. Curricula in the Liberal Arts, the Physical Sciences, the Social Sciences, Business Administration, Education, Allied Health, Physical Education, Special Education, Radiological and Health Sciences, Civil, Electrical, Chemical, Mechanical, Environmental and Computer Engineering, as well as masters level graduate studies in Education and Engineering, have been developed over the past century.

#### Academic Programs

Manhattan College is committed to maintaining and improving its academic programs in order to ensure that graduates are able to meet national and global challenges in the workplace. At the college-wide level and within each School of the College, curricular offerings and programs are, and will be, regularly reviewed and revised to ensure quality and relevance to the overall mission of the College. The curriculum is kept up to date through review by faculty committees and leaders from the business community. In addition, each School of the College has in place a committee of distinguished alumni and other professionals to serve as consultants to the Dean on issues of curriculum, workplace needs and faculty development.

Each School of the College administers a basic program of formal guidance designed to meet students' needs for personalized and academic counseling from the time of admission to graduation. Greatest emphasis is placed on guidance throughout the freshman year.

The College's undergraduate and graduate programs are set forth below.

The School of Arts offers courses and undergraduate degree programs in the humanities and social sciences. Since its founding, Manhattan College has sought to broaden the intellectual horizons of its students to prepare them for the various professions. Today, Arts continues the College's tradition through its core curriculum and its majors.

The School of Science is the most recent manifestation of Manhattan College's commitment to Science education since its establishment as a separate school from the School of Arts in 1993. The School of Science curriculum leads to bachelor's degrees in biochemistry, biology, chemistry, computer science, mathematics and physics as well as offering pre-medical and pre-dental programs of study.

The School of Engineering curriculum leads to bachelor's degrees in each of the traditional branches of engineering: chemical engineering, civil engineering, electrical engineering, mechanical engineering, as well as the more recent branches of environmental engineering and computer engineering.

The School of Business curriculum consists of a broad background in the humanities and social sciences, leading to a bachelor's degree in business administration with majors in Finance, Economics, Management, Marketing, Computer Information Systems, Accounting and Global Business studies.

The School of Education consists of curricula leading to bachelor's degrees in elementary and secondary education, physical education, childhood/special education, allied health, and radiological and health sciences, which include nuclear medicine technology and radiation therapy technology.

The Graduate Division curricula include programs leading to the Degree of Master of Arts (Counseling), Master of Science in Education (Childhood Education/Special Education, Administration and Supervision), Master of Science (Chemical, Civil, Electrical, Computer, Environmental and Mechanical Engineering), and Master of Environmental Engineering.

The Adult Degree Completion Program is designed to offer alternative academic opportunities to non-traditional students. The Bachelor of Science in General Studies addresses the needs of the working adult and provides an ideal opportunity to complete the bachelor's degree in 23 months in a highly structured, modular format. It is based on an exceptionally effective and proven approach to adult education that will serve students in their professional careers and for personal achievement. The program builds on the adult experience and recognizes that learning occurs in many environments. A degree can be conferred once a student has completed 60 credits in residency and has acquired 60 credits transferred from prior educational sources.

The Cooperative Program with the College of Mount Saint Vincent was inaugurated in 1964. In 2006, the colleges reached an agreement not to continue this Program. While most programs of study at each of the colleges have been offered separately, a number of disciplines were offered jointly. In assessing their practical options going forward, both colleges concluded that they can better serve their student bodies separately than they can jointly. However, effecting this change will take some time and Manhattan College is committed to making sure no students will be disrupted by this change.

### **Accreditations and Memberships**

Manhattan College is chartered and empowered to confer academic degrees by the University of the State of New York.

The College is accredited by the Middle States Association of Colleges and Schools and in March 2002 was reaccredited for a ten-year period. The College is approved by the American Chemical Society for the professional training of chemists and by the New York State Department of Health for Radiation Therapy Technology.

The programs in Chemical Engineering, Civil Engineering, Electrical Engineering and Computer Engineering, Mechanical Engineering, and Environmental Engineering are accredited at the basic level by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology.

The School of Business is accredited by AACSB International, the Association to Advance Collegiate Schools of Business, the premier accrediting agency for business programs globally.

The School of Education is accredited by TEAC, The Teacher Education Accreditation Council, an organization dedicated to improving academic degree programs for professional educators, those who will teach and lead in schools, pre-K through grade 12.

The College is a member of the Association of American Colleges, the American Council on Education, the Association of Catholic Colleges and Universities, the Association of Governing Boards of Universities and Colleges, the American Association of University Women, the American Society of Engineering Education, Middle Atlantic Association of Colleges of Business Administration, Association of Continuing Higher Education, the National Association of College and University Summer Sessions, National Association of Independent Colleges and Universities, American Association of Colleges for Teacher Education, the College Entrance Examination Board, and the National Commission for Cooperative Education.

## Facilities

The central campus was constructed when the College moved to its current location in the Bronx in 1923 from Manhattan. As the student body grew, the diversity of academic programs increased and demand for additional student services grew, the College constructed additional buildings on its campus and purchased additional properties located near the main campus. The College is located in a semi-suburban area.

The classroom and laboratory buildings include De La Salle Hall, Miguel Hall, Hayden Science Building, Leo Engineering Building and the Research and Learning Center, which opened in 1984 and is dedicated to computer research. A wide variety of computing resources are available to students, faculty and staff via JasperNet, the College's campus-wide network. Thirteen microcomputer laboratories are located on campus. These laboratories serving all Schools of the College support approximately 295 Pentium based microcomputers running under Microsoft Windows and Red Hat Linux and 18 high performance CAD/CAM workstations and 11 iMacs running Mac OSX. The new 24/7 library/technology center supports 40 Pentium systems in a library commons area, 30 in a lab, a 40 seat multimedia classroom and an internet café. Wireless network access is available throughout the campus and in student common areas including the dining halls. Internet access is provided by a high speed DS3 connection.

The existing residence halls of the College are Horan Hall, Overlook Manor, Jasper Hall, Chrysostom Hall, De La Salle Hall and Quigley House. The residence halls have a capacity of 1,627 beds. The College's office space is housed primarily in Memorial Hall (Administration Building), Miguel Hall and De La Salle Hall. Additional facilities include The O'Malley Library, Smith Auditorium and Chapel, Alumni Hall, Draddy Gymnasium, Thomas Hall (Student Center and Campus Dining Services), and Maintenance building. The College is currently constructing a new residence hall, East Hill Tower II, with a 550-bed capacity. The expected completion date is August 2008.

In September 1991, the College obtained the right to use Gaelic Park as an athletic recreational facility from the New York City Transit Authority until 2015 for minimal rent. This 3.5-acre park is located between the upper and lower campuses and provides the College with athletic facilities for soccer, lacrosse and softball. The park is also used for intramural sports, reducing the need to locate and rent off-campus facilities for athletic events. The College has improved the park to serve both the campus and the community. Such improvements include erecting new stands, beautifying the field, installing new artificial turf, new lighting and new locker rooms.

## Governance

The College is governed by the Board of Trustees (the "Board") which is authorized to consist of a maximum of 37 members. Currently, there are 34 members of the Board, including the President of the College and the immediate past President of the College's National Alumni Council who serves *ex officio*. Trustees are elected by the Board for a term not exceeding five years, and membership is limited to three consecutive terms. Reelections may occur after a one-year absence from the Board. The Board holds four regular meetings each year. In addition, the Executive Committee, which is elected annually by the Board, meets at least six times each year and as the need arises. The Executive Committee may transact such business as the Board may authorize, except granting degrees or making removals from office. It is authorized to consist of the Chairman of the Board, the President of the College, and not fewer than three nor more than seven other Trustees. Currently, the Executive Committee has eight members. The Board has six other standing committees: the Committee on Academic Affairs, the Committee on Development, the Committee on Facilities Planning, the Committee on Finance/Audit/Investments, the Committee on Strategic Planning, and the Committee on Student Life and Admissions. There are also three special committees of the Board of Trustees which include the Committee on Manhattan College/College of Mount St. Vincent Co-op Program, the Capital Campaign Committee and the Committee on Computer Governance.

Current members of the Board and their principal businesses or professional affiliations are as follows:

**Candida C. Aversenti**  
President and CEO  
General Magnaplate Corporation

**William A. Bautz** <sup>(2)</sup>  
President  
WAB Consulting

**Renato Berzolla** <sup>(2)</sup>  
President  
Lux Engineering

**Patrick G. Boyle** <sup>(2)</sup>  
Executive Vice President  
New York Life Investment Management

**Lynne P. Brown, Ph.D** <sup>(1)</sup>  
Senior Vice President for University  
Relations & Public Affairs  
New York University

**Frank G. Byrne, F.S.C.** <sup>(1)</sup>  
Provincial, De La Salle Christian Brothers  
LaSalle Provinciate

**Joseph J. Carroll, Esq.** <sup>(2)</sup>  
Of Counsel  
Certilman Balin Adler & Hyman LLP <sup>(3)</sup>

**Clare A. Cunniffe** <sup>(2)</sup>  
Strategic Account Director  
Iona Technologies

**Neil P. DeFeo** <sup>(2)</sup>  
President and CEO  
Playtex Products, Company

**Dennis J. Dirks** <sup>(2)</sup>  
Retired CEO  
The Depository Trust and Clearing Corp.

**William N. Dooley** <sup>(2)</sup>  
Senior Vice President, Financial Services  
American International Group

**Hector Gonzalez** <sup>(2)</sup>  
Partner  
Mayer, Brown, Rowe & Maw, LLP

**Cornelius J. Higgins, Ph.D., P.E.** <sup>(2)</sup>  
Co-Chairman and Principal Engineer  
Applied Research Associates, Inc.

**Helen C. Hollein, Ph.D.**  
Professor Emeritus  
Chemical Engineering  
Manhattan College

**Robert E. LaBlanc** <sup>(1)(2)</sup>  
President  
Robert E. LaBlanc Associates, Inc.

**John V. Magliano** <sup>(2)</sup>  
Chairman and CEO  
Syska Hennessy Group

**Michael J. McGinniss, F.S.C.**  
President  
LaSalle University

**Fredrick C. Mueller, F.S.C.** <sup>(2)</sup>  
Director of Faculty Development &  
Lasallian Formation  
LaSalle Academy

**Peter M. Mulderry** <sup>(2)</sup>  
Managing Partner, COO  
Savannah-Baltimore Capital Management

**Robert J. Muller Jr.** <sup>(2)</sup>  
Chairman, President & CEO  
Panolam Industries

**Eileen K. Murray** <sup>(2)</sup>  
Formerly Head of Global Operations &  
Technology  
Morgan Stanley

**Peter M. Musumeci, Jr.** <sup>(2)</sup>  
Executive Vice President  
Senior Credit Officer  
Commerce Bank

**Thomas D. O'Malley** <sup>(1)(2)</sup>  
Chairman  
Petroplus, Switzerland

**Michael J. Paliotta** <sup>(2)</sup>  
Managing Director  
Credit Suisse First Boston

**Michael J. Passarella** <sup>(1)(2)</sup>  
Retired Partner  
PricewaterhouseCoopers LLP

**Kenneth A. Rathgeber** <sup>(1)(2)</sup>  
Executive Vice President and CCO  
Fidelity Investments

**Michael J. Regan** <sup>(1)(2)</sup>  
Retired Vice Chair and CAO  
KPMG LLP

**Joseph A. Ripp** <sup>(2)</sup>  
Retired President and CEO  
Dendrite International, Inc.

**Anthony J. Scala Jr., P.E.** <sup>(1)(2)</sup>  
President  
Lowy & Donnath, Inc.

**Thomas J. Scanlan, F.S.C.** <sup>(1)</sup>  
President  
Manhattan College

**James T. Smith** <sup>(2)</sup>  
*Ex Officio*  
Retired  
Filigree, Ltd.

**Robert J. Smith, F.S.C., Ph.D.**  
Vice President for Academic Affairs  
Bethlehem University

**Br. Jerome Sullivan, F.S.C.**  
Director  
USA Development Office for  
Bethlehem University

**C. Edward Ward** <sup>(2)</sup>  
Retired  
New York Stock Exchange, Inc.

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(1) Member of Executive Committee

(2) Alumnus of the College.

(3) Certilman Balin Adler & Hyman LLP is serving as Special Counsel to the College in connection with the issuance of the Series 2007B Bonds.

Officers of the College are as follows:

Thomas D. O'Malley, Chair  
Br. Frank Byrne, FSC, Vice Chair  
Anthony Scala, Vice Chair  
Br. Thomas J. Scanlan, FSC, President  
Thomas J. Ryan, Treasurer  
Barbara A. Fabé, Secretary  
Dennis Lonergan, Assistant Treasurer  
Thomas Mauriello, Assistant Treasurer

## Administration

The College is managed by the President, who is elected by the Board, and seven Vice Presidents, each of whom is appointed by the President with the concurrence of the Board. A brief biographical description of each of these officers appears below:

**Brother Thomas J. Scanlan, FSC, Ph.D.,** *President*, was elected in 1987. He was elected to an initial term of five years in accordance with the By-Laws of the College and was unanimously reelected in 1992, 1997 and 2002 for additional terms of five years. Prior to the expiration of his last term, Brother Thomas was reelected in June of 2006 for an additional term of two years ending June 30, 2009. Brother Thomas holds a B.A. from Catholic University of America, a M.S. from New York University and a Ph.D from Columbia University. He is a member of Phi Beta Kappa. Before assuming his current position, he was Vice Chancellor and Chief Executive Officer of Bethlehem University in the Holy Land. Brother Thomas taught in the Business School of Manhattan College from 1977-1978.

**Weldon Jackson, Ph.D.,** *Provost and Executive Vice President*, was appointed in 1996. His principal areas of responsibility include management of the College's academic programs, the library and other educational support operations. He holds a BA from Morehouse College, and a Ph.D. from Harvard University. Dr. Jackson was formerly an Associate Professor at Wellesley College and VP of Academic Affairs at Morehouse College.

**Barbara A. Fabé,** *Vice President for Human Resources*, was appointed in 1988. Her principal areas of responsibility are all College related personnel matters including employment, affirmative action, benefits, wage and salary, and employee and labor relations. Ms. Fabé holds a B.A. from Hofstra University. Prior to her current position, she was V.P. for Human Resources at Doctors Hospital in New York City.

**Brother Robert C. Berger, FSC,** *Vice President for Student Life* was appointed in 2001. His principal areas of responsibility are student life including the management of housing, recreation, health services, campus ministry, career planning, counseling, the office of the dean of students, security and risk management. Brother Robert holds a B.S. from Manhattan College, a M.S.Ed. from Monmouth College, M.Div., from Princeton Theological Seminary and D.Min., from Drew University. Before assuming his current position, he was Associate Professor of Religious Studies at Manhattan College.

**Robert A. Mahan, P.E.,** *Vice President for Facilities Management*, was appointed in 1990. Mr. Mahan is responsible for all College properties and physical plant operations. He holds a B.S.M.E. from Stevens Institute of Technology and is a licensed Professional Engineer in the States of New York and New Jersey. Before joining the College, Mr. Mahan was Director of Facilities Engineering and Director of Physical Plant during a fifteen year tenure at Fordham University.

**John R. Wilcox,** *Vice President for Mission*, was appointed in 2002. Dr. Wilcox is responsible for promoting the College's Lasallian Catholic identity and mission. He holds a B.A. from Marist College, a M.A. from Fordham University and a M.Phil., and Ph.D. from Union Theological Seminary. Before assuming his current position, he was a Professor of Religious Studies at Manhattan College.

**William J. Bisset, Jr.,** *Vice President for Enrollment Management*, was appointed to his current position in 2005. Mr. Bisset is responsible for strengthening the College's admissions and retention efforts. He holds a B.A. from St. Anselm College and a M.Ed. from the University of New Hampshire. Before joining the College as Dean of Admissions and Financial Aid in July of 1997, he was Director of Admissions at Assumption College in Worcester, Massachusetts.

**Thomas J. Ryan,** *Vice President for Finance and Capital Projects and Treasurer of the Corporation*, was appointed as of June 25, 2007. He is responsible for the financial and administrative functions of the College. He holds a B.B.A. (Accounting) from Manhattan College, a M.S. in Education and a C.A.S. (Educational Administration) from SUNY, New Paltz. Prior to assuming his position at Manhattan, he spent 25 years in the Lakeland Central School District and from 2000 to 2007 in the City School District of New Rochelle serving both as Assistant Superintendent for Business and Administration (CFO).

**Thomas Mauriello,** *Vice President for Advancement*, was appointed in November 2006. He is responsible for alumni relations, college relations and all fund raising activities at the College. Mr. Mauriello holds a BA and MS from Fordham University. Having 25 years of advancement experience, he has served as Vice President of NYIT, Vice President of Mercy College and Senior Vice President of White Plains Hospital Center. Mr. Mauriello serves numerous community and educational organizations and is a trustee at Mother Cabrini High School.

## OPERATING INFORMATION

### Enrollment

Manhattan College is committed to attracting a diverse student body. Consistent with this goal, the College sponsors and administers a special Higher Educational Opportunity Program (HEOP) in conjunction with the New York State Education Department for students who are residents of New York State and are economically and educationally disadvantaged. The primary objective of HEOP is to provide a broad range of services to qualified students who, because of educational and economic circumstances, would otherwise be unable to attend the College according to existing admission requirements.

The following table presents fall enrollment for the College for the current year and the past four academic years:

#### FALL SEMESTER ENROLLMENT

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
<i>Undergraduate</i>					
Full-Time	2,697	2,764	2,879	2,868	2,918
Part-Time	124	141	147	158	149
Other <sup>(1)</sup>	<u>62</u>	<u>65</u>	<u>59</u>	<u>58</u>	<u>62</u>
Total	2,883	2,970	3,085	3,084	3,129
Full-Time Equivalents	2,773	2,893	2,958	2,937	2,974
<i>Graduate</i>					
Full-Time	71	83	74	77	106
Part-Time	<u>276</u>	<u>313</u>	<u>325</u>	<u>305</u>	<u>286</u>
Total	347	396	399	382	392
Full-Time Equivalents	286	291	318	300	257

<sup>(1)</sup> Degree Completion Program Students

### Admissions

Statistics for freshmen, transfer and graduate student applications and enrollment for the current year and the past four academic years are presented in the following tables:

#### ADMISSIONS STATISTICS

##### Freshmen Applications and Enrollment

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Applicants	4,403	4,227	4,712	5,078	5,127
Acceptances	2,332	2,507	2,708	2,616	2,818
Percentage Accepted	53%	59%	58%	52%	55%
Enrolled	694	663	701	710	722
Enrolled as % of Accepted	29%	26%	26%	27%	26%

##### Transfer Applications and Enrollment

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Applicants	729	589	489	536	566
Acceptances	351	365	288	310	307
Percentage Accepted	48%	62%	59%	58%	57%
Enrolled	161	172	140	153	152
Enrolled as % of Accepted	46%	47%	49%	49%	49%



### Graduate Applications and Enrollment

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Applicants	390	384	341	279	318
Acceptances	239	338	312	226	276
Percentage Accepted	61%	88%	91%	81%	87%
Enrolled	165	250	205	133	215
Enrolled as % of Accepted	64%	74%	66%	59%	78%

The table below sets forth the geographic distribution of the freshman classes that entered in the current year and the past four academic years. The College has undertaken a program intended to increase the geographic distribution of its student body.

### Freshman Geographic Distribution

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
New York State	437	418	471	481	495
Other States	251	242	223	225	224
Other Countries	<u>6</u>	<u>3</u>	<u>7</u>	<u>4</u>	<u>3</u>
Total	694	663	701	710	722

#### *Student Quality Indicators*

The following table summarizes the average Scholastic Aptitude Test scores for entering freshmen for the current year and the past four academic years:

### SAT Scores Entering Freshman

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Average SAT Verbal	545	548	552	557	557
Average SAT Math	<u>566</u>	<u>562</u>	<u>575</u>	<u>575</u>	<u>568</u>
Total	1111	1110	1127	1132	1125

### Tuition and Other Student Charges

Undergraduate students' tuition charges for the current year and the past four academic years have been as follows:

### TUITION CHARGES

<u>Academic Year</u>	<u>Undergraduate</u>
2007-08	\$21,640
2006-07	20,350
2005-06	19,400
2004-05	18,600
2003-04	17,800

Undergraduate students also pay Program Fees depending upon their area of study. Program Fees for academic year 2007-08 ranged from \$1,000 to \$1,900 per full-time student.

Graduate students' per credit tuition charges for the current year and the past four academic years have been as follows:

### Graduate Per Credit Tuition Charges

<u>School</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Education	\$460	\$475	\$500	\$525	\$540
Engineering	575	600	625	650	675

## Financial and Government Aid

The College administers federal and state student aid programs which allow students of need to meet their financial obligations. The Federal aid programs include Pell Grants, Supplemental Educational Opportunity Grants, (SEOG), Federal Work-Study, Federal Perkins loan, Federal Stafford and parent PLUS loans. For the academic year 2006-07, the Federal government implemented two more grant programs, the Academic Competitive Grant and the Smart Grant. New York State provides the Tuition Assistance Program (TAP) as well as other incentive based scholarships. Out-of-State residents benefit from various loans and grant programs of their states of residence.

The College also provides more than one hundred scholarships supported by the College's endowment fund. Selection of these students is based upon the donor's criteria. The qualification varies but most require financial need or academic excellence.

The following table summarizes the College's financial aid to the undergraduate programs for the current year and the past four academic years:

### **FINANCIAL AID PROGRAM** (in thousands of dollars)

<b><u>Aid Program</u></b>	<b><u>2003-04</u></b>	<b><u>2004-05</u></b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>
Guaranteed Student Loans <sup>(1)</sup>	\$13,925	\$15,389	\$16,035	\$16,606	\$16,155
NYS TAP Grants <sup>(1)</sup>	2,759	2,752	2,668	2,661	2,598
Manhattan College Scholarships	17,490	17,855	19,125	19,629	20,298
Federal Programs <sup>(1)</sup>	<u>2,293</u>	<u>2,129</u>	<u>1,989</u>	<u>2,122</u>	<u>2,048</u>
Total Awards	\$36,467	\$38,124	\$39,817	\$41,019	\$41,099

<sup>(1)</sup> Programs are not funded by Manhattan College.

The College benefits from State program through which State aid ("Bundy Aid") is allocated to independent colleges and universities in the State based on the number of academic degrees conferred during the previous year. During the 2007-08 fiscal year, the College received notice that it will receive \$338,964 from the program based on \$1,500 for each bachelor's degree and \$950 for each master's degree awarded in the 2006-07 academic year.

Future State and federal aid depends upon the annual appropriations by the Legislature and Congress, and the ability of the State and the federal governments to pay the amounts appropriated. The College can give no assurance that the various federal and State programs will be continued.

## Faculty

The faculty includes 180 full-time members for the 2007-08 academic year. Approximately 97% of the full-time faculty hold the highest degree appropriate to their specialty (e.g., Ph.D). The table below sets for the Faculty Profile for the current year and the past four academic years.

### **FACULTY PROFILE**

<b><u>Academic Year</u></b>	<b><u>Full-Time Faculty</u></b>	<b><u>Percent of Credit Hours Taught by Part-Time Faculty</u></b>	<b><u>Percent of Full-Time Faculty Tenured</u></b>	<b><u>Percent of Full-Time Faculty Holding Doctorates</u></b>
2007-08	180	23%	67%	97%
2006-07	176	20	67	97
2005-06	177	20	66	97
2004-05	172	23	68	96
2003-04	168	20	66	77

## ANNUAL FINANCIAL STATEMENT INFORMATION

### Financial Reporting

The Summary Balance Sheets and the Summary Statements of Activities appearing below have been derived from the audited financial statements of the College for the fiscal years ended June 30, 2003 through 2007. Complete audited financial statements of the College for the fiscal year ended June 30, 2007 are provided in Appendix B of this Official Statement.

### Summary Balance Sheets (in thousands of dollars) Year Ended June 30,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,779	\$ 3,424	\$ 3,975	\$ 8,225	\$ 11,874
Student accounts receivable (net of allowance for uncollectible amounts)	1,965	1,228	1,027	1,435	1,709
Government grants and other receivables	3,469	3,346	3,608	3,377	3,957
NCAA/MIBA receivable	-	-	-	7,463	6,786
Contributions receivable, net	8,632	6,957	6,349	6,618	6,355
Prepaid expenses and other assets	765	937	813	835	593
Investments	35,888	43,617	53,783	57,902	69,032
Student loans receivable (net of allowance for uncollectible amounts)	1,139	1,150	1,170	1,173	1,172
Funds held by bond trustee	2,082	2,029	2,044	2,112	33,135
Deferred bond issuance costs, net	1,407	1,325	1,242	1,159	3,086
Property, plant, and equipment, net	<u>59,188</u>	<u>58,819</u>	<u>57,289</u>	<u>57,855</u>	<u>70,750</u>
<b>Total assets</b>	<u>116,314</u>	<u>122,832</u>	<u>131,300</u>	<u>148,154</u>	<u>208,449</u>
<b>Liabilities:</b>					
Accounts payable and accrued expenses	4,166	4,288	5,261	5,951	9,068
Deferred revenues and student deposits	2,681	2,760	2,993	2,726	3,213
Liability underplanned giving agreements	821	1,486	1,689	1,646	1,575
Long-term debt	44,909	43,151	41,249	39,253	73,931
U.S. Government grants refundable	1,168	1,191	1,221	1,221	1,222
Asset retirement obligation	-	-	-	1,341	1,381
<b>Total liabilities</b>	<u>53,745</u>	<u>52,876</u>	<u>52,413</u>	<u>52,138</u>	<u>90,390</u>
<b>Net assets:</b>					
Unrestricted	25,203	28,335	31,978	45,830	59,214
Temporarily restricted	14,955	18,361	20,462	20,485	26,174
Permanently restricted	22,411	23,260	26,447	29,701	32,671
<b>Total net assets</b>	<u>62,569</u>	<u>69,956</u>	<u>78,887</u>	<u>96,016</u>	<u>118,059</u>
<b>Total liabilities and net assets</b>	<u>\$116,314</u>	<u>\$122,832</u>	<u>\$131,300</u>	<u>\$148,154</u>	<u>\$208,449</u>

**Summary Statements of Activities**  
**(in thousands of dollars)**  
**Year Ended June 30,**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues:					
Tuition and fees, net	\$39,706	\$41,096	\$45,120	\$48,701	\$49,882
Contributions	14,870	10,124	8,640	8,795	16,785
Investment return	1,752	3,675	3,720	3,910	7,958
State of New York appropriations	298	336	292	273	395
Government grants and contracts	1,552	1,786	1,934	2,032	2,095
Gain on NCAA/MIBA settlement	-	-	-	8,550	-
Auxiliary enterprises	14,266	15,456	16,178	17,267	17,602
Other revenue, including short-term interest income	<u>818</u>	<u>859</u>	<u>510</u>	<u>1,130</u>	<u>2,332</u>
Total revenues	<u>73,262</u>	<u>73,332</u>	<u>76,394</u>	<u>90,658</u>	<u>97,049</u>
Expenses and losses:					
Instruction	19,313	20,590	21,493	22,501	23,451
Research and sponsored programs	1,367	931	880	943	972
Academic support	6,779	8,015	7,969	8,045	8,586
Student services	10,629	11,377	12,098	12,428	14,168
Institutional support	13,078	13,130	13,700	14,644	14,905
Auxiliary enterprises	<u>11,020</u>	<u>11,262</u>	<u>11,323</u>	<u>13,628</u>	<u>12,924</u>
Total expenses	62,186	65,305	67,463	72,188	75,006
Adjustment to contributions receivable	<u>1,405</u>	<u>640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>63,591</u>	<u>65,945</u>	<u>67,463</u>	<u>72,188</u>	<u>75,006</u>
Increase in net assets before cumulative change in accounting principle	9,671	7,387	8,931	18,471	22,043
Cumulative effect of change in accounting principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,341)</u>	<u>-</u>
Increase in net assets	<u>\$ 9,671</u>	<u>\$ 7,387</u>	<u>\$ 8,931</u>	<u>\$17,130</u>	<u>\$22,043</u>

**Budgeting Procedures**

The College's budget process begins in September for the fiscal year beginning the following July 1. In October, the audited financial statements for the Fiscal Year ended June 30 are completed. The President, Vice President for Finance and Capital Projects, Controller, Bursar and Business Manager analyze the College's performance against the budget and identify a series of critical issues to measure in the current year and to review in budgeting for the year that begins July 1 of the following year. In January, the President, the Vice President for Finance and Capital Projects and his staff meet with the managers of individual operating budgets. They are presented with their budgets and actual performance for two previous fiscal years and report of expenses against budget for the first six months of the current year (July 1 - December 31). This material serves as background in preparing budget submissions for the next year.

Budget requests undergo a three-step review process. First, Deans and Directors review the budget submissions of the budget managers who report to them. Next, the Vice Presidents review the requests. Finally, the President, the Vice President for Finance and Capital Projects, the appropriate Vice Presidents, and the Deans and Directors meet to tentatively approve all budget requests. During February, capital budgets and other campus-wide budgets are prepared. Salary budgets are prepared following discussions, which begin in the previous September with the Vice President for Human Resources. The income budget is prepared early in the spring semester using enrollment projections from the Admissions Office and tuition and fee figures approved by the Board of Trustees at the December Board meeting. A final budget is prepared, reviewed internally and submitted first to the Finance Committee of the Board of Trustees in May and then to the full Board of Trustees in June. Approved budgets are then distributed to budget managers.

## Outstanding Long-Term Debt

At June 30, 2007, the College had \$71,186,810 in outstanding indebtedness (exclusive of unamortized premium) issued with an original term of one year or more (the "Outstanding Long-Term Indebtedness"), more particularly described as follows:

	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Balance June 30, 2007</b> <sup>(1)</sup>	<b>Final Maturity</b>
Dormitory Authority of the State of New York Manhattan College Insured Revenue Bonds, Series 2000 <sup>(2)</sup>	Various	\$42,025,000	\$34,860,000	2020
Dormitory Authority of the State of New York Manhattan College Insured Revenue Bonds, Series 2007A <sup>(3)</sup>	Various	35,000,000	35,000,000	2041
Department of Education Mortgage Payable <sup>(4)</sup>	3.00%	1,300,000	639,761	2020
College Facilities Program Note Payable <sup>(5)</sup>	5.00%	1,014,139	659,745	2020
Other		410,000	27,304	2007
Total		<u>\$79,749,139</u>	<u>\$71,186,810</u>	

<sup>(1)</sup> Excludes unamortized premium of \$974,921 attributable to the Series 2000 Bonds and \$1,769,749 attributable to the Series 2007A Bonds.

<sup>(2)</sup> The proceeds of this bond issue were used to advance refund the Authority's Series 1992 Bonds issued on behalf of the College and to finance a portion of the cost of the renovation, expansion and technological upgrade of the College's library.

<sup>(3)</sup> The proceeds of this bond issue are being used to finance the 2007A Project which consists of the construction of East Hill Tower II. This new 10-story residence hall will offer approximately 275 two-bed units to accommodate 550 residents. The College expects to make an estimated \$18 million equity contribution toward the cost of the 2007A Project.

<sup>(4)</sup> Proceeds of this mortgage were originally used to finance construction of Granville Hall on West Hill Property. When West Hill was sold, the College paid off the outstanding balance of the Overlook Manor mortgage provided by the Department of Housing and Urban Development. The College transferred the lien on the Granville Hall property to Overlook Manor.

<sup>(5)</sup> The proceeds of this loan were used to replace windows, elevators and air conditioner units in Memorial, Miguel and De La Salle Halls. This loan is secured by a first mortgage on certain property of the College and a security interest in the general revenues of the College including but not limited to tuition income.

## Endowment and Similar Funds

The College's Endowment and Similar Funds are invested principally in stock and bond index funds and are carried on the balance sheet at fair (market) value. The earnings from these funds provide important support of the College's operations, including scholarships and other programs. The College's investments are monitored on an ongoing basis by the Vice President for Finance and Capital Projects and are professionally managed in accordance with the directives of the Investment Policy Statement for Manhattan College Endowment. Reports are made to the Investment Committee of the Board of Trustees on a regular basis and investment performance is reported to the full Board of Trustees quarterly and as requested.

### Endowment and Similar Fund Balances Years Ended June 30,

	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Endowment	\$28,061,383	\$31,517,690	\$37,171,657	\$41,581,969	\$49,280,474
Quasi-Endowment	<u>1,847,057</u>	<u>1,963,066</u>	<u>2,059,145</u>	<u>2,090,130</u>	<u>2,299,549</u>
Total	\$29,908,440	\$33,480,756	\$39,230,802	\$43,672,099	\$51,580,023

The College's Endowment funds are comprised of (1) the original donated principal of funds permanently restricted by donors and (2) accumulated investment income and gains on these funds over amounts used for operations. For financial reporting purposes, the first group of funds is included in permanently restricted net assets and the second group is included principally in temporarily restricted net assets. Quasi-Endowment funds represent unrestricted net assets designated by the Board of Trustees to function as true endowment.

## Fund Raising

The following table presents information as to contributions received in each of the last five fiscal years.

### SOURCES OF GIFTS AND GRANTS Year Ended June 30 (thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Unrestricted and Temporarily Restricted Contributions	\$12,737	\$ 8,470	\$ 5,453	\$ 5,541	\$13,816
Permanently Restricted Contributions	<u>2,133</u>	<u>1,654</u>	<u>3,187</u>	<u>3,254</u>	<u>2,969</u>
Total Contributions Received	\$14,870	\$10,124	\$ 8,640	\$ 8,795	\$16,785

The College has an Office for College Advancement responsible for all fundraising including Annual Alumni Gifts and Anniversary Class Gifts. The Office is also responsible for College Relations and Alumni Relations. In January 2003, the College announced its Sesquicentennial Campaign, the objective of which is to raise \$150 million by December 31, 2007. The College plans to apply half of the Campaign's goal toward endowing chairs, faculty development and expanding student scholarship endowment. The remaining half is expected to be allocated toward facility upgrades, information technology investments, the future student activity facility and the East Hill Tower II. The Campaign has exceeded its goal to raise \$150 million by an additional \$12 million to date.

## Employee Relations

As of June 30, 2007, the College employed approximately 502 persons full-time: 187 faculty; 141 administration and management; 72 buildings and grounds and security personnel; 67 clerical and secretarial staff; 13 skilled maintenance; and 22 technical. The service and maintenance employees (approximately 41) are members of Local 153, the Office and Professional Employees International Union-AFL-CIO and 31 security personnel are members of Local 971, the International Brotherhood of Security Guards. A contract between Local 153 and the College was signed on October 3, 2007 and is effective July 1, 2007 through June 30, 2010. The existing contract between the College and Local 971 is due to expire December 31, 2007.

## Pension and Retirement Programs

The College participates in the Teacher's Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF). Subject to certain limitations as to minimum periods of employment, all full-time employees are included in this plan. Funding of the plan is accomplished by a two-stage contribution. First, the employee contributes 3-5% of salary. The second stage of the plan was amended in 2004 increasing the College's contribution up to 10% of base earnings for full-time employees with ten years of continuous full-time employment. This amendment is being implemented over a four-year period which began in 2005.

The College's contribution to the pension program for the year ended June 30, 2007 was \$1,780,000. The College has no unfunded pension or retirement plan liabilities for any prior fiscal year.

## Insurance

Manhattan College maintains insurance which the College believes is customary and appropriate for an institution of its size.

## LITIGATION

The College has no litigation or proceedings pending or threatened against it except litigation in which the possible recoveries and the estimated costs and expenses of defense, in the opinion of counsel to the College, will be entirely within the College's applicable insurance coverages, subject to the applicable deductibles, or will have no material effect on the College's financial condition.

**PART 5 - THE 2007B PROJECT**

The 2007B Project consists of the construction of the Manhattan College Parking Garage, a four-story pre-cast concrete parking structure with 170,000 square feet of space to accommodate 540 cars with provision for an additional 180 cars to be parked on grade under and surrounding the elevated structure. The garage will be located in an existing College-owned surface parking lot. An elevated pedestrian bridge will connect the parking facility to a College building across the street. The College expects to make an equity contribution of approximately \$12.5 million toward the cost of the 2007B Project, approximately \$5.5 million of which is expected to be funded with grants from the Federal Highway Administration.

**PART 6 - ESTIMATED SOURCES AND USES OF FUNDS**

Estimated sources and uses of funds are as follows:

**Sources of Funds**

Principal Amount of Series 2007B Bonds .....	\$ 15,000,000
Plus: Net Original Issue Premium .....	48,143
College Equity .....	7,020,000
Federal Highway Administration Grants .....	<u>5,500,000</u>
Total Sources .....	<u>\$ 27,568,143</u>

**Uses of Funds**

Deposit to the Construction Fund .....	\$ 26,133,595
Deposit to Debt Service Reserve Fund .....	525,450
Costs of Issuance (including premium for Bond Insurance and Surety Bond) .....	768,504
Underwriter's Discount .....	<u>140,594</u>
Total Uses .....	<u>\$ 27,568,143</u>

## 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 September 30, 2007, the Authority had approximately \$34.5 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 September 30, 2007 were as follows:

<b>Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Notes Outstanding</b>	<b>Bonds and Notes Outstanding</b>
State University of New York Dormitory Facilities .....	\$ 2,120,821,000	\$ 873,355,000	\$ 0	\$ 873,355,000
State University of New York Educational and Athletic Facilities .....	11,757,912,999	5,062,203,960	0	5,062,203,960
Upstate Community Colleges of the State University of New York .....	1,392,050,000	592,935,000	0	592,935,000
Senior Colleges of the City University of New York .....	8,609,563,549	3,005,421,270	0	3,005,421,270
Community Colleges of the City University of New York .....	2,194,081,563	529,738,730	0	529,738,730
BOCES and School Districts .....	1,641,101,208	1,241,420,000	0	1,241,420,000
Judicial Facilities .....	2,161,277,717	738,632,717	0	738,632,717
New York State Departments of Health and Education and Other .....	3,318,115,000	2,107,400,000	0	2,107,400,000
Mental Health Services Facilities .....	5,682,130,000	3,671,255,000	0	3,671,255,000
New York State Taxable Pension Bonds .....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program .....	913,895,000	827,890,000	0	827,890,000
<b>Totals Public Programs .....</b>	<b>\$ 40,564,423,036</b>	<b>\$ 18,650,251,677</b>	<b>\$ 0</b>	<b>\$ 18,650,251,677</b>
<b>Non-Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Notes Outstanding</b>	<b>Bonds and Notes Outstanding</b>
Independent Colleges, Universities and Other Institutions .....	\$ 14,781,041,020	\$ 6,985,083,940	\$128,675,000	\$ 7,113,758,940
Voluntary Non-Profit Hospitals .....	12,398,189,309	7,655,195,000	0	7,655,195,000
Facilities for the Aged .....	1,960,585,000	1,042,950,000	0	1,042,950,000
Supplemental Higher Education Loan Financing Program .....	95,000,000	0	0	0
<b>Totals Non-Public Programs .....</b>	<b>\$ 29,234,815,329</b>	<b>\$ 15,683,228,940</b>	<b>\$128,675,000</b>	<b>\$ 15,811,903,940</b>
<b>Grand Totals Bonds and Notes .....</b>	<b>\$ 69,799,238,365</b>	<b>\$ 34,333,480,617</b>	<b>\$128,675,000</b>	<b>\$ 34,462,155,617</b>

**Outstanding Indebtedness of the Agency Assumed by the Authority**

At September 30, 2007, the Agency had approximately \$580 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 September 30, 2007 were as follows:

<b><u>Public Programs</u></b>	<b><u>Bonds Issued</u></b>	<b><u>Bonds Outstanding</u></b>
Mental Health Services Improvement Facilities .....	\$ 3,817,230,725	\$ 0
<b><u>Non-Public Programs</u></b>	<b><u>Bonds Issued</u></b>	<b><u>Bonds Outstanding</u></b>
Hospital and Nursing Home Project Bond Program .....	\$ 226,230,000	\$ 3,930,000
Insured Mortgage Programs .....	6,625,079,927	541,824,927
Revenue Bonds, Secured Loan and Other Programs .....	<u>2,414,240,000</u>	<u>34,635,000</u>
Total Non-Public Programs .....	<u>9,265,549,927</u>	<u>580,389,927</u>
Total MCFFA Outstanding Debt .....	<u>\$ 13,082,780,652</u>	<u>\$ 580,389,927</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:

GAIL H. GORDON, Esq., *Chair*, Slingerlands.

Gail H. Gordon was appointed as a Member of the Authority by the Governor on May 10, 2004. Ms. Gordon served as Deputy Commissioner and General Counsel for the Office of Children and Family Services from September 15, 1997 to December 31, 2006. She previously was of counsel to the law firm of Helm, Shapiro, Anito & McCale, P.C., in Albany, New York, where she was engaged in the private practice of law. From 1987 to 1993, Ms. Gordon served as Counsel to the Comptroller of the State of New York where she directed a legal staff of approximately 40 attorneys, was responsible for providing legal and policy advice to the State Comptroller and his deputies in all areas of the State Comptroller’s responsibilities, including the supervision of accounts of public authorities and in the administration, as sole trustee, of the New York State Employees Retirement System and the Policemen’s and Firemen’s Retirement System. She served as Deputy Counsel to the Comptroller of the State of New York from 1983 to 1987. From 1974 to 1983, Ms. Gordon was an attorney with the law firm of Hinman, Howard & Kattell, Binghamton, New York, where she concentrated in areas of real estate, administrative and municipal law. Ms. Gordon holds a Bachelor of Arts degree from Smith College and a Juris Doctor degree from Cornell University School of Law. Ms. Gordon’s term expired on March 31, 2007 and by law she continues to serve until a successor shall be chosen and qualified.

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on April 26, 2004. 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, 2010.

JOSE ALBERTO CORVALAN, M.D., *Secretary*, Armonk.

Dr. Corvalan was appointed as a Member of the Authority by the Governor on June 22, 2005. Dr. Corvalan is Chief of Laparoscopic Surgery at St. Vincent's Midtown Hospital in Manhattan. Dr. Corvalan is a Diplomate, American Board of Surgery, and is a Fellow of the American College of Surgeons and the New York Academy of Medicine. Dr. Corvalan has held a number of teaching positions and is Associate Professor of Surgery at New York Medical College, Valhalla, New York. His current term expires on March 31, 2008.

BRIAN RUDER, Scarsdale.

Mr. Ruder was appointed as a Member of the Authority by the Governor on June 23, 2006. He is Chief Executive Officer of Skylight Partners, a strategic marketing and business development consulting group that he founded in 2001. Prior to Skylight Partners, Mr. Ruder served for four years as Executive Vice President of Global Marketing for Citigroup. He spent 16 years at the H.J. Heinz Co. in progressively responsible positions, including President of Heinz USA, President of Weight Watchers Food Company and corporate Vice President of Worldwide Infant Feeding. He also served as Director of Marketing, New Products and Sales for Pepsi USA in the mid-1980's. Mr. Ruder is Vice Chairman of the New York State Board of Science, Technology and Academic Research (NYSTAR), and also serves on the board of the Adirondack Council, the Scarsdale United Way, the New York Metro Chapter of the Young Presidents' Organization and PNC Private Client Advisors. Mr. Ruder earned a Bachelor of Arts degree in American History in 1976 from Washington University in St. Louis, Mo., and a Master of Business Administration degree in Marketing in 1978 from the Tuck School at Dartmouth College. His current term expires on March 31, 2009.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. 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. He is a member of the Board of Directors of Natural Health Trends Inc., a public company, where he chairs the Audit Committee. 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, 2007 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.

ROMAN B. HEDGES, Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges currently serves as the Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means where he was responsible for the preparation of studies of the New York State economy and revenues of local government, tax policy and revenue analyses, and for negotiating revenue and local government legislation for the Assembly. Dr. Hedges 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.

KEVIN R. CARLISLE, Averill Park.

Mr. Carlisle was appointed as a Member of the Authority by the Temporary President of the Senate on January 29, 2007. After a career in public housing and business consulting, Mr. Carlisle retired in 2003 as Assistant Commissioner of the state Division of Housing and Community Renewal ("DHCR") and Vice President of the New York State Housing Trust Fund Corporation. He was responsible for capital development programs which financed approximately 4,000 units annually, with a total development cost of \$500 million. He conceived the state's Homes for Working Families Program, which received the 1999 Award for Program Excellence from the National Council of State Housing Finance Agencies. Similarly, Mr. Carlisle implemented the Rural Leveraging Partnership Program, which was cited as a national model by U.S. Rural Housing Services. He also served at DHCR as Director of Underwriting, Deputy Director of the Office of Rural Development, and designed the housing strategy that met the state's off-site commitment to induce the U.S. Army's 10th Mountain Division to locate at Fort Drum. Before he joined DHCR in 1982, Mr. Carlisle was a partner in Barrett Carlisle & Co., a real estate development and consulting firm, and served the City of Troy and the City of Cohoes in economic planning and real estate project management. Mr. Carlisle earned both a Bachelor's degree in Economics and a Master's degree in Urban and Environmental Studies from Rensselaer Polytechnic Institute.

RICHARD P. MILLS, *Commissioner of Education of the State of New York*, Albany; *ex-officio*.

Dr. Mills became Commissioner of Education on September 12, 1995. Prior to his appointment, Dr. Mills served as Commissioner of Education for the State of Vermont since 1988. From 1984 to 1988, Dr. Mills was Special Assistant to Governor Thomas H. Kean of New Jersey. Prior to 1984, Dr. Mills held a number of positions within the New Jersey Department of Education. Dr. Mills' career in education includes teaching and administrative experience at the secondary and postsecondary education levels. Dr. Mills holds a Bachelor of Arts degree from Middlebury College and a Master of Arts, a Master of Business Administration and a Doctor of Education degree from Columbia University.

PAUL E. FRANCIS, *Budget Director for the State of New York*, Westchester County; *ex-officio*.

Mr. Francis was appointed Director of the Budget on January 1, 2007. As Director of the Budget, Mr. Francis heads the New York State Division of the Budget and serves as the chief fiscal policy advisor to the Governor. Mr. Francis 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. Francis also currently serves as a Senior Advisor to the Governor. His private sector experience includes managing partner of the Cedar Street Group, a venture capital firm he founded in 2001; chief financial officer for Priceline.com from its formation in 1997 to 2000; chief financial officer for Ann Taylor stores from 1993 to 1997; and managing director at Merrill Lynch & Co., where he worked from 1986 to 1993. Mr. Francis is a graduate of Yale College and New York University Law School.

RICHARD F. DAINES, M.D., *Commissioner of Health*, Albany; *ex-officio*.

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke's-Roosevelt Hospital Center since 2002. Before joining St. Luke's-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor

of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

The principal staff of the Authority is as follows:

DAVID D. BROWN, IV is the Executive Director and chief administrative and operating officer of the Authority. Mr. Brown is responsible for the overall management of the Authority's administration and operations. He previously served as Chief of the Investment Protection Bureau in the Office of the New York State Attorney General, supervising investigations of the mutual fund and insurance industries. From 2000 to 2003, Mr. Brown served as Vice President and Associate General Counsel at Goldman, Sachs & Co., specializing in litigation involving equities, asset management and brokerage businesses. Prior to that, he held the position of Managing Director at Deutsche Bank, where he served as the senior litigation attorney, managing major litigations and customer disputes. From 1994 to 1998, Mr. Brown was Managing Director and Counsel and senior litigation attorney for Bankers Trust Corporation. He holds a Bachelor's degree from Harvard College and a Juris Doctor degree from Harvard Law School.

MICHAEL T. CORRIGAN is the Deputy Executive Director of the Authority, and assists the Executive Director 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.

JOHN G. PASICZNYK is the Chief Financial Officer of the Authority. Mr. Pasicznyk is responsible for investment management and accounting, as well as the development of the financial policies for the Authority. Before joining the Authority in 1985, Mr. Pasicznyk worked in audit positions at KPMG Peat Marwick and Deloitte & Touche. He holds a Bachelor's degree from Syracuse University and a Master of Business Administration degree from the Fuqua School of Business at Duke University.

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.

JAMES M. GRAY, R.A., 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. He has been with the Authority since 1986, and has held increasingly responsible positions within the Office of Construction, including Director of the State University of New York (SUNY) and Independent Institutions Construction Program. He began his public service career in 1977 in the New York State Office of General Services. He has been a registered architect in New York since 1983. Mr. Gray holds a Bachelor's degree in architecture from the New York Institute of Technology.

## **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 2007B 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 2007B 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, 2007. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

## **PART 8 - LEGALITY OF THE SERIES 2007B BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2007B 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 2007B 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 2007B Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2007B Bonds.

## **PART 10 - TAX MATTERS**

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law: (i) interest on the Series 2007B 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 2007B 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. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2007B 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 College contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2007B Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Bond Counsel has relied on, among other things, the opinions of Liddy Sullivan Galway & Vaccaro, P.C., General Counsel to the College and Certilman Balin Adler & Hyman LLP, Special Counsel to the College, regarding the current status of the College as an organization described in Section 501(c)(3) of the Code, and concerning the College's "unrelated trade or business" activities as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. 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 College. Failure of the College 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 2007B Bonds in a manner that is substantially related to the College's charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2007B Bonds to be included in gross income retroactively to the date of the issuance of the Series 2007B Bonds. Bond Counsel will not independently verify the accuracy of the Authority's and the College's certifications and representations or the continuing compliance with the Authority's and the College's covenants and will not independently verify the accuracy of the opinion of the College's counsel.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2007B Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. 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 College may cause loss of such status and result in the interest on the Series 2007B Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2007B Bonds. The College and, subject to certain limitations, the Authority have each covenanted to take the actions required of it for the interest on the Series 2007B 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 2007B Bonds, 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 Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2007B Bonds or the market prices of the Series 2007B Bonds.

A portion of the interest on the Series 2007B Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2007B 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 2007B Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2007B Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2007B 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. There can be no assurance that legislation enacted or proposed, or clarification of the Code, after the date of issuance of the Series 2007B Bonds, will not have an adverse effect on the tax status of interest on the Series 2007B Bonds or the market prices of the Series 2007B Bonds.

On May 21, 2007, the United States Supreme Court agreed to hear *Dep't of Revenue of Kentucky v. Davis*. In the *Davis* case, the Kentucky Court of Appeals held that Kentucky's exemption from taxation of interest on bonds issued by Kentucky or its political subdivisions and its taxation of interest on bonds issued by other states or their political subdivisions violates the Commerce Clause of the United States Constitution. The State exempts from taxation interest on bonds issued by the State or its political subdivisions and taxes interest on bonds issued by other states or their political subdivisions. It is not possible to predict how the United States Supreme Court will decide the *Davis* case or to predict any change in state law that would be occasioned by the United States Supreme Court's affirmance of the *Davis* decision, nor is it possible to predict the effect, if any, of that affirmance or any change in state law on the tax status of interest on the Series 2007B Bonds for state tax purposes or on the market value of the Series 2007B Bonds.

Prospective purchasers of the Series 2007B Bonds should consult their own tax advisors regarding pending or proposed federal and state tax legislation, the *Davis* case and other court proceedings. Prospective purchasers of the Series 2007B 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 Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2007B Bonds ends with the issuance of the Series 2007B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the College or the beneficial owners regarding the tax status of interest on the Series 2007B Bonds 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 2007B Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2007B 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 2007B 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 prices for the Series 2007B Bonds.

#### *Original Issue Premium*

Certain of the Series 2007B 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 accrues 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 Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income. See "Appendix E - Form of Approving Opinion of Bond Counsel."

### **PART 11 - STATE NOT LIABLE ON THE SERIES 2007B BONDS**

The Act provides that notes and bonds of the Authority shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2007B Bonds shall not be a debt of the State nor shall the State be liable thereon.



## **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 2007B Bonds by the Authority are subject to the approval of Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel whose approving opinion will be delivered with the Series 2007B Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the College by its General Counsel, Liddy Sullivan Galway & Vaccaro, P.C., New York, New York and its Special Counsel, Certilman Balin Adler & Hyman, LLP, East Meadow, New York. Certain legal matters will be passed upon for the Underwriter by its Counsel, Clifford Chance US LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2007B Bonds or questioning or affecting the validity of the Series 2007B Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Authority to finance the 2007B Project in accordance with the provisions of the Act, the Resolution, the Series 2007B Resolution and the Loan Agreement.

## **PART 14 - UNDERWRITING**

The Underwriter has agreed, subject to certain conditions, to purchase the Series 2007B Bonds from the Authority at a purchase price of \$14,907,548.80 and to make a public offering of the Series 2007B Bonds at not in excess of such public offering price. The Underwriter will be obligated to purchase all such Series 2007B Bonds if any are purchased. The Series 2007B Bonds may be offered and sold to certain dealers (including the Underwriter), at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

## **PART 15 - CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the College has undertaken in a written 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 of its fiscal years, commencing June 30, 2008, for filing by DAC with each Nationally Recognized Municipal Securities Information Repository (each a "Repository"), and if and when one is established, the New York State Information Depository (the "State Information Depository"), on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 4 - THE COLLEGE" of this Official Statement (the "Annual Information"), together with the College's annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to each Repository and to the State Information Depository when they become available.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the College, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the College 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 College, with each such Repository and to the State Information Depository.

The College will also 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 they have actual knowledge of the occurrence of a Notice Event (as hereinafter defined), in a timely manner. Upon receipt of Notices from the College, the Trustee or the Authority, DAC will file the Notices to each such Repository or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the State Information Depository, in a timely manner. With respect to the Series 2007B Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent it has been provided such information pursuant to the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the College, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the College, the Holders of the Series 2007B Bonds or any other party. DAC has no responsibility for the Authority’s failure 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 College, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the College, 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 means annual information concerning the College which consists of financial and operating data of the type included in this Official Statement for the College, which shall include information as described in “PART 4 - THE COLLEGE” herein relating to the following: (a) operating data and financial information of the type included in this Official Statement in “PART 4 - THE COLLEGE” under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION”, including information relating to: (1) *student enrollment*, similar to that set forth under the heading, “FALL SEMESTER ENROLLMENT,” (2) *student admissions*, similar to that set forth under the heading, “ADMISSIONS STATISTICS,” (3) *tuition and other student charges*, similar to that set forth under the heading, “TUITION CHARGES,” (4) *student financial aid*, similar to that set forth under the heading, “FINANCIAL AID PROGRAM,” (5) *faculty*, similar to that set forth under the heading, “FACULTY PROFILE,” (6) *employee relations*, including material information about union contracts and, unless such information is included in the audited financial statements of the College, retirement plans; (7) *endowment and similar funds*, unless such information is included in the audited financial statements of the College; (8) *plant values*, unless such information is included in the audited financial statements of the College; and (9) *outstanding indebtedness*, unless such information is included in the audited financial statements of the College; 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 College and in judging the financial and operating condition of the College.

The Notices include notices of any of the following events with respect to the Series 2007B Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Series 2007B Bonds; (7) modifications to the rights of holders of the Series 2007B Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2007B Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Series 2007B Bonds, to provide to each Repository or the MSRB and to the State Information Depository, in a timely manner, notice of any failure by the College to provide the Annual Information and annual financial statements by the date required in the College’s undertaking described above.

The sole and exclusive remedy for breach or default under the agreement to provide continuing disclosure described above is an action to compel specific performance of the undertaking of DAC, the College, the Trustee and/or the Authority, and no person, including any Holder of the Series 2007B Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the agreement shall not constitute an Event of Default under the Resolution, the Series 2007B 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 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. As a result, the parties to the agreement do not anticipate that it often will be necessary to amend the informational undertaking. The agreement, however, may be amended or modified without Bondholders consent under certain circumstances set forth therein. Copies of the agreement when executed by the parties thereto upon the delivery of the Series 2007B Bonds will be on file at the principal office of the Authority.

## **PART 16 - MISCELLANEOUS**

References in this Official Statement to the Act, the Resolution, the Series 2007B Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2007B Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2007B Resolution and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2007B Bonds are fully set forth in the Resolution and the Series 2007B Resolution. Neither any advertisement of the Series 2007B Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2007B 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 College and the 2007B Project was supplied by the College. 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 the Insurer under "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2007B BONDS - The Financial Guaranty Insurance Policy," "Appendix F - Specimen Financial Guaranty Insurance Policy" and "Appendix G - Specimen Surety Bond" was supplied by the Insurer. 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.

"Appendix A - Certain Definitions," "Appendix C - Summary of Certain Provisions of the Loan Agreement, as Supplemented," "Appendix D - Summary of Certain Provisions of the Resolution," and "Appendix E - Form of Approving Opinion of Bond Counsel," have been prepared by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel.

"Appendix B - Manhattan College Financial Statements (With Independent Auditors' Report Thereon)" contains the audited financial statements of the College for the fiscal year ended June 30, 2007.

The Authority has not committed to provide information on an ongoing basis concerning the Authority, the College or the Insurer.

The College has reviewed the parts of this Official Statement describing the College, the 2007B Project, the Estimated Sources and Uses of Funds and Appendix B hereto. The College shall certify as of the dates of sale and delivery of the Series 2007B Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The College has agreed to indemnify the Authority 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.



**CERTAIN DEFINITIONS**

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## CERTAIN DEFINITIONS

In addition to the other terms defined in this Official Statement, when used in the summaries of certain provisions of the Resolution and the Loan Agreement, as supplemented, the following terms have the meanings ascribed to them below:

*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 and constituting Title 4 of Article 8 of the Public Authorities Law of the State, as amended;

*Annual Administrative Fee* means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority in an amount more particularly described in the Applicable Loan Agreement Supplement;

*Applicable* means (i) with respect to any Series Resolution, the Series Resolution relating to a particular Series of Bonds, (ii) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Project or Projects, (iii) with respect to any Loan Agreement or Loan Agreement Supplement or Mortgage, the Loan Agreement or Loan Agreement Supplement or Mortgage, as applicable, relating to a particular Project or Projects, (iv) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution, and (v) with respect to any Credit Facility, Facility Provider or Insurance Trustee, the Credit Facility, Facility Provider or Insurance Trustee relating to a particular Series of Bonds;

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

*Arbitrage Rebate Fund* means the fund so designated, created and established pursuant to the Resolution;

*Auction Agency Agreement* shall have the meaning, if any, set forth in the Applicable Series Resolution or Bond Series Certificate;

*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 as more particularly described in the applicable Loan Agreement Supplement;

## ***Appendix A***

*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, Vice-Chair, Secretary and Assistant Secretaries, Treasurer and Assistant Treasurers, Executive Director, Chief Financial Officer, Managing Director of Public Finance, Managing Director of Construction, Managing Director of Policy and Program Development, Chief Information Officer, General Counsel and such additional officers as may be designated by resolution of the Authority who shall hold office at the pleasure of the Authority; (ii) in the case of the College, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the College to perform such act or execute such document; 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;

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

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

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

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

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

*Business Day* means, except as set forth in an Applicable Series Resolution or Bond Series Certificate, any day which is not a Saturday, Sunday or a day on which banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; provided that, with respect to Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the Facility Provider of a Credit Facility or Liquidity Facility for such Bonds are legally authorized to close in The City of New York;

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

*College* means Manhattan College, an institution of higher education incorporated and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Code;

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

*Construction Fund* means the fund so designated, created and established pursuant to the Resolution;

*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 College relating to the construction of the Project, and any amendments to the foregoing;

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

*Cost or Costs of the Project* means when used in relation to a Project the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessarily or appropriately incurred in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses for the acquisition and installation of equipment, machinery or furnishings, (vi) all other costs which the College shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement, equipping and furnishing of the Project, (vii) any sums required to reimburse the College or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project, (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement, equipping or furnishing of the Project, and (ix) fees, expenses and liabilities of the Authority or the Trustee incurred in connection with the Project or pursuant to the Resolution or to the Loan Agreement, a Mortgage, a Credit Facility, a Liquidity Facility, an Interest Rate Exchange Agreement, a Remarketing Agreement, an Auction Agency Agreement or a Market Agent Agreement;

*Credit Facility* means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, financial guaranty insurance policy or other agreement, facility or insurance or guaranty arrangement issued or extended by 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 savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which the Authority is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof, in accordance with the Resolution and with the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, whether or not the Authority is in default under the Resolution;

*Credit Facility Provider* means the Facility Provider of a Credit Facility;

*Debt Service Fund* means the fund so designated, created and established pursuant to the Resolution;

*Debt Service Reserve Fund* means the fund so designated, created and established pursuant to the Resolution;

## *Appendix A*

*Debt Service Reserve Fund Requirement* means as of any particular date of computation, which date of computation shall be subsequent to July 1 of each calendar year, with respect to the Bonds, an amount equal to the greatest amount required in the then current or any future calendar year to pay the sum of interest on Outstanding Bonds payable during such calendar year, and the principal and Sinking Fund Installments of such Outstanding Bonds payable on July 1 (or such other date as set forth in the Applicable Series Resolution or Bond Series Certificate) of such calendar year, excluding interest accruing on the Bonds from the dated date of any such Bonds to the January 1 or July 1 immediately preceding the first interest payment date, except that if, upon the issuance of a Series of Bonds, such amount would require moneys, in an amount in excess of the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, to be deposited therein, the Debt Service Reserve Fund Requirement shall mean an amount equal to the sum of the Debt Service Reserve Fund Requirement immediately preceding issuance of such Bonds and the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, as certified by an Authorized Officer of the Authority; provided, however, that for purposes of this definition (a) the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of interest and principal payable on July 1 of the year in which such Capital Appreciation Bond or Deferred Income Bond matures or in which such Sinking Fund Installment is due, (b) it shall be assumed that a Variable Interest Rate Bond, prior to its conversion to bear interest at a fixed rate to its maturity, bears interest during any year at the higher of (1) the lesser of (x) a fixed rate of interest equal to that rate, as estimated by an Authorized Officer of the Authority, after consultation with the remarketing agent, if any, or with an investment banking firm which is regularly engaged in the underwriting of or dealing in bonds of substantially similar character, on a day not more than twenty (20) days prior to the date of initial issuance of such Variable Interest Rate Bond, which such Variable Interest Rate Bond would have had to bear to be marketed at par on such date as a fixed rate obligation maturing on the maturity date of such Variable Interest Rate Bond and (y) if the Authority or the College has in connection with such Variable Interest Rate Bond entered into an interest rate exchange or swap agreement which provides that the Authority or the College is to pay to another person an amount determined based upon a fixed rate of interest on the Outstanding principal amount of the Variable Interest Rate Bonds to which such agreement relates, the fixed rate of interest set forth in or determined in accordance with such agreement, and (2) a rate, not less than the initial rate of interest on such Variable Interest Rate Bond, set forth in or determined pursuant to a formula set forth in the Series Resolution authorizing such Variable Interest Rate Bond or in the Bond Series Certificate relating to such Bond, and (c) if a Variable Interest Rate Bond shall be converted to a fixed rate Bond for the remainder of the term thereof and as a result of such conversion a deficiency shall be created in the Debt Service Reserve Fund, the Debt Service Reserve Fund Requirement shall be calculated so as to exclude the amount of such deficiency and the Debt Service Reserve Fund Requirement shall be increased in each of the five (5) years after the date of such conversion by an amount which shall be equal to twenty per centum (20%) of the aforesaid deficiency;

*Defeasance Security* means (a) a direct obligation of the United States of America, (b) an obligation the principal of and interest on which are guaranteed by the United States of America (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (c) an obligation to which the full faith and credit of the United States of America are pledged (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (d) 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, obligations described in clause (a), (b) or (c), and (e) an Exempt Obligation (i) which is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or

direct obligations of the United States of America which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) which are rated by each Rating Service in the highest rating category for such Exempt Obligation; provided, however, that (1) such term shall not mean any interest in a unit investment trust or mutual fund and (2) no obligation described in clause (a), (b) or (c) shall be subject to redemption prior to maturity other than at the option of the holder thereof;

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

*Excess Earnings* means, with respect to the Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code;

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

*Facility Provider* means the issuer of a Credit Facility, a Liquidity Facility or a Reserve Fund Facility delivered to the Trustee pursuant to the Resolution;

*Facility Provider Default* means, with respect to a Facility Provider, any of the following: (a) there shall occur a failure of the Facility Provider to make payment under its Credit Facility or Liquidity Facility; (b) the Applicable Credit Facility or Applicable Liquidity Facility shall have been declared null and void or unenforceable in a final determination by a court of law; (c) a proceeding shall have been instituted in a court having jurisdiction seeking a decree or order for relief in respect of an Applicable Facility Provider in an involuntary case under the applicable bankruptcy, insolvency or other similar law now or hereafter in effect or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of an Applicable Facility Provider or for any substantial part of its property or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of 30 consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding; or (d) an Applicable Facility Provider shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Applicable Facility Provider or for any substantial part of its property, or shall make a general assignment for the benefit of creditors;

*Government Obligation* means a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America, an obligation to which the full faith and credit of the United States of America are pledged, an obligation of any federal agency approved by the Authority, and 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, direct obligations of the United States of America; provided, however, that such term shall not include any obligation subject to variation in principal repayment;

## *Appendix A*

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

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

*Interest Rate Exchange Agreement* means an agreement entered into by the Authority or the College in connection with the issuance of or which relates to Bonds of one or more Series which provides that during the term of such agreement the Authority or the College is to pay to the counterparty thereto interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds or any portion thereof and that such counterparty is to pay to the College or the Authority on the College's behalf 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 provides for payment of only net amounts due under such agreement;

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

*Liquidity Facility* means an irrevocable letter of credit, surety bond, loan agreement, Standby Bond Purchase Agreement, line of credit or other agreement or arrangement issued or extended by 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 and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Fannie Mae or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which moneys may be obtained upon the terms and conditions contained therein for the purchase or redemption of Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds;

*Loan Agreement* means the Loan Agreement, dated as of December 6, 2000 by and between the Authority and the College in connection with the issuance of Bonds, as the same shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement;

*Loan Agreement Supplement No. 3* means the Loan Agreement Supplement No. 3, dated as of October 25, 2006, by and between the Authority and the College executed in connection with the issuance of the Series 2007B Bonds;

*Market Agent Agreement* shall have the meaning, if any, set forth in the Applicable Series Resolution or Bond Series Certificate;

*Maximum Interest Rate* means, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond as the maximum rate at which such Bond may bear interest at any time;

*Minimum Interest Rate* means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bonds as the minimum rate at which such Bond may bear interest at any time;

*Mortgage* means a mortgage granted by the College to the Authority in connection with the issuance of any one or more Series of Bonds, in form and substance satisfactory to an Authorized Officer of the Authority, on the Mortgaged Property as security for the performance of the College's obligations under the Loan Agreement, 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, together with the buildings and improvements thereon or hereafter erected thereon and the furnishings and equipment owned by the College located thereon or therein as may be specifically identified in the Mortgage;

*Outstanding*, when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any Series Resolution except: (i) any Bond cancelled by the Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Resolution; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and (iv) any Variable Interest Rate Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond;

*Paying Agent* means, with respect to the Bonds of any Series, 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 the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

*Permitted Encumbrances* means (i) the Loan Agreement, each Loan Agreement Supplement, the Resolution, any Mortgage, the Prior Pledges and any instrument recorded pursuant to the Loan Agreement, (ii) security interests, liens or other encumbrances to secure the purchase price of any equipment or furnishings, (iii) any other encumbrances or matters approved in writing by the Authority and each Credit Facility Provider, (iv) liens permitted by the Loan Agreement or a Loan Agreement Supplement, (v) those matters referred to in any title insurance policy issued to the Authority in connection with an Applicable Mortgage and accepted by the Authority, (vi) a proposed pedestrian bridge to be constructed across Manhattan College Parkway and connected to or adjoining Hayden Hall, including necessary renovations to Hayden Hall, provided that such project would be subject to the College meeting the additional debt test as defined in Section 7 of the Loan Agreement Supplement No. 1, dated as of December 6, 2000 by and between the Authority and the College, if applicable, and any other covenant in the Loan Agreement; and (vii) any other encumbrance, provided that the Authority and the Facility Provider have given the College prior written consent;

*Pledged Revenues* means all tuition, fees and charges paid or payable to the College, the right to receive the same and the proceeds thereof and of such right, subject only to the Prior Pledges.

*Prior Pledges* means, collectively, the prior liens, pledges, charges, encumbrances, or security interests in Pledged Revenues, or any part thereof, made or given as listed in the Loan Agreement and in any title insurance policy issued to the Authority in connection with an Applicable Mortgage, including (i) a mortgage on Overlook Manor to the United States Department of Education to replace a mortgage on another facility, (ii) a note payable to the United States Department of Education under the College Facilities Program, and (iii) obligations under various capital equipment leases;

## *Appendix A*

*Project* means a “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described in the Loan Agreement or in a Series Resolution;

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

*Qualified Financial Institution* means (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, (iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity or (iv) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality approved by the Authority; provided, however, that in the case of any entity described in (ii) or (iii) above, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, at the time an Investment Agreement is entered into by the Authority, are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the third highest rating category by each Rating Service;

*Rating Service* means Moody’s Investors Service, Inc., Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., Fitch IBCA, Inc., or Duff & Phelps Credit Rating Co., or each other rating service, in each case, which has assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns;

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

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

*Remarketing Agent* means the person or entity appointed by or pursuant to a Series Resolution authorizing the issuance of Variable Interest Rate Bonds to remarket such Variable Interest Rate Bonds tendered or deemed to have been tendered for purchase in accordance with such Series Resolution or the Bond Series Certificate relating to such Variable Interest Rate Bonds;

*Remarketing Agreement* means, with respect to Variable Interest Rate Bonds of a Series, an agreement either between the Authority and the Remarketing Agent or the College and the Remarketing Agent, or among the Authority, the College and the Remarketing Agent, relating to the remarketing of such Bonds;

*Reserve Fund Facility* means a surety bond, insurance policy or letter of credit which constitutes any part of the Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Resolution;

*Resolution* means “Manhattan College Insured Revenue Bond Resolution,” adopted December 6, 2000, as amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof;

*Revenues* means all payments received or receivable by the Authority which pursuant to the Loan Agreement are required to be paid to the Trustee (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to an Arbitrage Rebate Fund) securing the Bonds;

*Securities* means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) interest-bearing time deposits, certificates of deposit or other similar investment arrangements, provided that all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully insured by the Federal Deposit Insurance Corporation, or (v) Investment Agreements;

*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 thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions;

*Series 2000 Bonds* means the bonds of the Authority issued under the Resolution and designated as Manhattan College Insured Revenue Bonds, Series 2000;

*Series 2000 Mortgage* means the Mortgage granted by the College to the Authority in connection with the issuance and delivery of the Series 2000 Bonds as security for the College's obligations under the Loan Agreement;

*Series 2007A Bonds* means the bonds of the Authority issued under the Resolution and designated as Manhattan College Insured Revenue Bonds, Series 2007A;

*Series 2007A Mortgage* means the Mortgage granted by the College to the Authority in connection with the issuance and delivery of the Series 2007A Bonds as security for the College's obligations under the Loan Agreement;

*Series 2007B Bonds* means the bonds of the Authority issued under the Resolution and designated as Manhattan College Insured Revenue Bonds, Series 2007B;

*Series 2007B Mortgage* means the Mortgage granted by the College to the Authority in connection with the issuance and delivery of the Series 2007B Bonds as security for the College's obligations under the Loan Agreement;

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

*Sinking Fund Installment* means, as of any date of calculation, when used with respect to any Bonds of a Series, other than Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required by the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future July 1 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 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 Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment;

## *Appendix A*

*Standby Bond Purchase Agreement* means an agreement by and between the Authority and another person or by and among the Authority, the College and another person, pursuant to which such person is obligated to purchase a Variable Interest Rate Bond tendered for purchase if a Standby Purchase Agreement has been provided in connection with such Variable Interest Rate Bond;

*State* means the State of New York;

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

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

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

*Variable Interest Rate* means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds and which shall be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (*e.g.*, a prime lending rate) which may be in effect from time to time or at a particular time or times; provided, however, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case, as provided in such Series Resolution or Bond Series Certificate, (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate; provided, further, that such 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 or (iii) periodic auctions pursuant to procedures set forth in the Applicable Series Resolution or Bond Series Certificate; and

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



**MANHATTAN COLLEGE FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

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KPMG LLP  
345 Park Avenue  
New York, NY 10154

## Independent Auditors' Report

The Board of Trustees  
Manhattan College:

We have audited the accompanying balance sheet of Manhattan College (the College) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the College's 2006 financial statements and, in our report dated October 19, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 College'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 audit provides 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 Manhattan College as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

October 26, 2007

**MANHATTAN COLLEGE**

Balance Sheet

June 30, 2007

(With comparative financial information as of June 30, 2006)

<b>Assets</b>	<b>2007</b>	<b>2006</b>
Cash and cash equivalents	\$ 11,874,024	8,224,942
Student accounts receivable (net of allowance for uncollectible amounts of \$980,330 in 2007 and \$631,645 in 2006):		
Traditional	1,108,147	1,096,423
Degree Completion Program	598,974	338,725
Government grants and other receivables	3,957,057	3,376,448
NCAA/MIBA receivable (note 15)	6,786,400	7,463,213
Contributions receivable, net (note 3)	6,355,055	6,618,185
Prepaid expenses and other assets	593,448	835,084
Investments (note 4)	69,031,745	57,901,955
Student loans receivable (net of allowance for uncollectible amounts of \$90,000 in 2007 and 2006)	1,172,033	1,173,207
Funds held by bond trustee (note 7)	33,135,159	2,111,572
Deferred bond issuance costs, net	3,086,063	1,159,029
Property, plant, and equipment, net (note 5)	70,750,403	57,855,370
Total assets	\$ 208,448,508	148,154,153
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 9,067,248	5,950,825
Deferred revenues and student deposits	3,213,480	2,726,304
Liability under planned giving agreements	1,574,592	1,645,366
Long-term debt (note 6)	73,931,481	39,252,569
Asset retirement obligation (note 17)	1,381,440	1,341,240
U.S. Government grants refundable	1,221,672	1,221,672
Total liabilities	90,389,913	52,137,976
Commitments and contingencies (notes 14 and 16)		
Net assets:		
Unrestricted:		
Available for operations	1,119,330	589,149
Nonoperating:		
Quasi-endowment	2,299,549	2,090,130
Building and equipment reserve fund	14,044,343	9,156,872
Invested in and designated for plant	41,750,851	33,994,191
Total unrestricted	59,214,073	45,830,342
Temporarily restricted (note 9)	26,173,639	20,484,419
Permanently restricted (note 9)	32,670,883	29,701,416
Total net assets	118,058,595	96,016,177
Total liabilities and net assets	\$ 208,448,508	148,154,153

See accompanying notes to financial statements.

**MANHATTAN COLLEGE**

Statement of Activities

Year ended June 30, 2007

(With summarized financial information for the year ended June 30, 2006)

	<u>Unrestricted</u>			<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>	
	<u>Operating</u>	<u>Nonoperating</u>	<u>Total</u>			<u>2007</u>	<u>2006</u>
Revenues:							
Tuition and fees, net (note 10)	\$ 49,881,239	—	49,881,239	—	—	49,881,239	48,700,944
Contributions	3,514,256	4,382,353	7,896,609	5,919,244	2,969,467	16,785,320	8,795,137
Investment return (note 4)	150,000	1,276,107	1,426,107	6,531,418	—	7,957,525	3,909,642
State of New York appropriations	395,407	—	395,407	—	—	395,407	272,774
Government grants and contracts	2,095,055	—	2,095,055	—	—	2,095,055	2,032,308
Gain on NCAA/MIBA settlement (note 15)	—	—	—	—	—	—	8,550,435
Auxiliary enterprises	17,602,226	—	17,602,226	—	—	17,602,226	17,267,311
Other revenue, including short-term interest income	1,632,480	699,334	2,331,814	—	—	2,331,814	1,129,697
Net assets released from restrictions	1,886,224	4,875,218	6,761,442	(6,761,442)	—	—	—
Total revenues	<u>77,156,887</u>	<u>11,233,012</u>	<u>88,389,899</u>	<u>5,689,220</u>	<u>2,969,467</u>	<u>97,048,586</u>	<u>90,658,248</u>
Expenses (notes 11 and 12):							
Instruction	23,118,660	332,309	23,450,969	—	—	23,450,969	22,500,689
Research and sponsored programs	972,670	—	972,670	—	—	972,670	942,528
Academic support	7,482,455	1,103,764	8,586,219	—	—	8,586,219	8,044,814
Student services	13,377,540	789,994	14,167,534	—	—	14,167,534	12,427,826
Institutional support	14,354,861	550,061	14,904,922	—	—	14,904,922	14,643,930
Auxiliary enterprises	8,964,634	3,959,220	12,923,854	—	—	12,923,854	13,627,864
Total expenses	<u>68,270,820</u>	<u>6,735,348</u>	<u>75,006,168</u>	<u>—</u>	<u>—</u>	<u>75,006,168</u>	<u>72,187,651</u>
Transfers:							
Principal and interest payments on long-term debt	(4,101,249)	4,101,249	—	—	—	—	—
Capital asset acquisitions and building and equipment reserve fund	(4,254,637)	4,254,637	—	—	—	—	—
Total transfers	<u>(8,355,886)</u>	<u>8,355,886</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Increase in net assets before cumulative effect of change in accounting principle	530,181	12,853,550	13,383,731	5,689,220	2,969,467	22,042,418	18,470,597
Cumulative effect of change in accounting principle (note 17)	—	—	—	—	—	—	(1,341,240)
Increase in net assets	530,181	12,853,550	13,383,731	5,689,220	2,969,467	22,042,418	17,129,357
Net assets at beginning of year	589,149	45,241,193	45,830,342	20,484,419	29,701,416	96,016,177	78,886,820
Net assets at end of year	<u>\$ 1,119,330</u>	<u>58,094,743</u>	<u>59,214,073</u>	<u>26,173,639</u>	<u>32,670,883</u>	<u>118,058,595</u>	<u>96,016,177</u>

See accompanying notes to financial statements.

**MANHATTAN COLLEGE**

Statement of Cash Flows

Year ended June 30, 2007

(With comparative financial information for the year ended June 30, 2006)

	<b>2007</b>	<b>2006</b>
Cash flows from operating activities:		
Increase in net assets	\$ 22,042,418	17,129,357
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	—	1,341,240
Accretion of asset retirement obligation	40,200	—
Gain on NCAA/MIBA settlement	—	(8,550,435)
Provision for doubtful student accounts receivable	348,685	500,000
Contributions restricted for long-term investment	(2,969,467)	(3,254,111)
Contributions restricted for capital improvements	(2,200,000)	(1,767,788)
Depreciation expense	4,435,673	4,342,052
Net appreciation in fair value of investments	(4,728,785)	(2,218,878)
Amortization of deferred bond issuance costs	82,789	82,787
Amortization of original issue premium	(74,994)	(74,994)
Increase in student accounts receivable	(620,658)	(907,711)
(Increase) decrease in government grants and other receivables	(580,609)	231,968
(Decrease) increase in prepaid expenses and other assets	241,636	(22,608)
Increase in accounts payable and accrued expenses	161,464	690,038
Increase (decrease) in deferred revenues and student deposits	487,176	(266,864)
Net cash provided by operating activities	16,665,528	7,254,053
Cash flows from investing activities:		
Proceeds from the sale of investments	40,811,224	29,344,591
Purchase of investments	(47,212,229)	(31,245,207)
Proceeds from gain on NCAA/MIBA settlement	676,813	1,087,222
Proceeds from Series 2007A		
Increase in accounts payable and accrued expenses relating to capital	2,954,959	—
Decrease (increase) in student loans receivable	1,174	(2,979)
Acquisitions of property, plant, and equipment	(17,330,706)	(4,908,021)
Net cash used in investing activities	(20,098,765)	(5,724,394)
Cash flows from financing activities:		
Contributions restricted for long-term investment	2,969,467	3,254,111
Contributions restricted for capital improvements	2,200,000	1,767,788
Decrease (increase) in contributions receivable	263,130	(268,818)
Issuance of long-term debt	36,769,749	—
Bond issuance costs	(2,009,823)	—
Increase in funds held by bond trustee	(31,023,587)	(67,583)
Principal payments on long-term debt	(2,015,843)	(1,921,478)
Decrease in liability under planned giving agreements	(70,774)	(43,487)
Net cash provided by financing activities	7,082,319	2,720,533
Net increase in cash and cash equivalents	3,649,082	4,250,192
Cash and cash equivalents at beginning of year	8,224,942	3,974,750
Cash and cash equivalents at end of year	\$ 11,874,024	8,224,942
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 2,049,386	\$ 2,155,185

See accompanying notes to financial statements.

## MANHATTAN COLLEGE

### Notes to Financial Statements

June 30, 2007

#### (1) Organization

Manhattan College (the College) is a private independent institution of higher learning. The College was founded by the Brothers of the Christian Schools, an order organized by St. John Baptist de La Salle, an educational leader and social reformer. The College was incorporated by the Regents of the State of New York in 1863. Its principal campus is located on approximately 22 acres in the Riverdale section of Bronx County in the City of New York. The College is exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

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

##### (a) Basis of Presentation

The College's financial statements are prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Accordingly, net assets of the College and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed restrictions that will be met either by actions of the College 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 College, but permit the College to expend part or all of the income derived there from.

Revenues and gains and losses on investments and other assets are reported as changes 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. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions.

##### (b) Release of Restrictions on Net Assets Held for Acquisition of Property, Plant, and Equipment

Contributions of property, plant, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets class. Contributions of cash or other assets to be used to acquire property, plant, and equipment with such donor stipulations are reported as revenues of the temporarily restricted net assets class; the restrictions are considered to be released at the time such long-lived assets are placed into service.

##### (c) Operations

The statement of activities distinguishes between operating and nonoperating activities within the unrestricted net assets class. Nonoperating activities include investment return less than or in excess of the amount authorized for expenditure by the board of trustees, net assets released from restrictions for capital expenditures and satisfaction of time restrictions on pledges, and nonoperating expenses. Nonoperating expenses consist principally of depreciation expense and interest. Transfers from operating activities to nonoperating activities consist of debt service (primarily principal and

**MANHATTAN COLLEGE**

Notes to Financial Statements

June 30, 2007

interest), capital asset acquisitions funded by operations, and the funding of a building and equipment reserve fund.

**(d) Cash Equivalents**

The College considers all highly liquid securities that have a maturity of three months or less at the time of purchase to be cash equivalents, except for those short-term investments purchased by the College's investment managers as part of their investment strategy.

**(e) Investments**

The College's investments are carried at fair value based on quoted market prices.

**(f) Property, Plant, and Equipment**

Property, plant, and equipment are valued as follows:

- Buildings, improvements, and equipment – at replacement value at May 31, 1972 based on a revaluation at such date; additions subsequent to May 1972 at cost.
- Library books – at \$10 per volume.

Depreciation expense is computed on a straight-line basis over the estimated useful lives of the respective assets as follows:

<u>Asset</u>	<u>Average useful life (years)</u>
Buildings	40
Building improvements	15-25
Equipment	5

**(g) Deferred Revenues**

Deferred revenues include tuition received related to programs applicable to the next fiscal year.

**(h) Deferred Bond Issuance Costs and Original Issue Premium**

Deferred bond issuance costs and original issue premium are amortized on a straight-line basis over the lives of the related bonds. Accumulated amortization at June 30, 2007 and 2006 was \$496,295 and \$413,506, respectively.

**(i) Refundable Loan Program**

The College participates in the federally sponsored Perkins Loan Program. The government's share of the program is recorded as a liability.



## MANHATTAN COLLEGE

### Notes to Financial Statements

June 30, 2007

**(j) Liabilities under Planned Giving Agreements**

The College receives certain gifts (charitable annuities and life income trusts) where a donor or named beneficiary maintains an interest in income earned. Contribution revenue is recognized at the date the trusts are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

**(k) Contributions**

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions with purpose and/or time restrictions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Contributions subject to donor-imposed restrictions that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions not expected to be received within one year are discounted at a risk-free rate (2% – 6%). Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. In addition, an allowance for contributions receivable estimated to be uncollectible is provided.

**(l) Grants and Contracts**

Grants and contracts are treated as exchange transactions and, accordingly, are reported as unrestricted revenue when expenses are incurred, in accordance with the terms of the agreement.

**(m) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(n) Prior Year Summarized Financial Information**

The accompanying statement of activities is presented with prior year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

**(o) Reclassifications**

Certain reclassifications have been made to the 2006 financial statements to conform with the 2007 presentation.

**MANHATTAN COLLEGE**

Notes to Financial Statements

June 30, 2007

**(3) Contributions Receivable**

Contributions receivable at June 30, 2007 and 2006, including pledges from various corporations, foundations, and individuals, are as follows:

	<b>2007</b>	<b>2006</b>
Contributions due:		
In less than one year	\$ 2,570,896	2,972,162
In one to five years	3,297,653	3,702,395
In more than five years	2,030,825	1,310,603
Gross contributions receivable	7,899,374	7,985,160
Allowance for uncollectible contributions	(535,000)	(535,000)
Discount to present value	(1,009,319)	(831,975)
Contributions receivable, net	\$ 6,355,055	6,618,185

**(4) Investments**

Investments, at fair value, at June 30, 2007 and 2006 are summarized as follows:

	<b>2007</b>	<b>2006</b>
Money market funds	\$ 15,441,410	7,547,622
Mutual funds – equity	30,522,961	24,567,280
Mutual funds – bond	18,412,429	10,068,405
U.S. Government obligations	105,968	5,915,795
Municipal bonds	1,600,000	—
Common and preferred stocks	527,417	326,295
Corporate bonds	1,356,616	8,547,214
Cash surrender value of life insurance policies	1,064,944	929,344
Total investments	\$ 69,031,745	57,901,955

Investments are held for the following purposes:

	<b>2007</b>	<b>2006</b>
Endowment and similar	\$ 46,808,559	38,907,236
Plant	11,844,082	14,264,356
Under planned giving agreements	3,105,050	2,992,870
Other	7,274,054	1,737,493
Total investments	\$ 69,031,745	57,901,955

**MANHATTAN COLLEGE**

Notes to Financial Statements

June 30, 2007

Investment return comprised \$3,228,740 of dividends and interest income and, \$4,728,785 of net appreciation (realized and unrealized gains) in fair value of investments for the year ended June 30, 2007 and \$1,690,764 of dividends and interest income and \$2,218,878 of net appreciation (realized and unrealized gains) in fair value of investments for the year ended June 30, 2006.

**(5) Property, Plant, and Equipment**

Property, plant, and equipment at June 30, 2007 and 2006 are summarized as follows:

	<b>2007</b>	<b>2006</b>
Land	\$ 2,945,100	2,945,100
Buildings and improvements	109,109,526	107,911,801
Construction in progress	15,352,205	507,548
Equipment	13,303,802	12,038,518
Artwork	16,000	16,000
Library books	2,865,150	2,842,110
	143,591,783	126,261,077
Less accumulated depreciation	(72,841,380)	(68,405,707)
Property, plant, and equipment, net	\$ 70,750,403	57,855,370

**(6) Long-Term Debt**

Long-term debt at June 30, 2007 and 2006 consists of the following:

	<b>2007</b>	<b>2006</b>
(a) Mortgage payable	\$ 639,761	677,694
(b) Note payable	659,745	692,000
(c) Bonds payable, Series 2000 including unamortized premium of \$974,921 in 2007 and \$1,049,916 in 2006	35,834,922	37,774,916
(d) Bonds payable, Series 2007A including unamortized premium of \$1,769,749 in 2007	36,769,749	—
Other	27,304	107,959
Total long-term debt	\$ 73,931,481	39,252,569

- (a) The mortgage payable to the Department of Education in semiannual installments of \$28,990, including interest at 3% per annum, is due through fiscal year 2020. This debt is collateralized by a first lien on a dormitory and a pledge of the net revenues derived from the operations of the dormitory, limited to an amount necessary to cover the annual debt service payments and reserve requirements totaling \$96,267.
- (b) The note payable to U.S. government sponsored college facilities program in semiannual payments of \$34,939, including interest at 5.5% per annum, is due through September 1, 2020. This debt is secured by the Research and Learning Center.

**MANHATTAN COLLEGE**

Notes to Financial Statements

June 30, 2007

- (c) On January 10, 2001, the Dormitory Authority of the State of New York issued \$42,025,000 of tax-exempt Manhattan College Insured Revenue Bonds, Series 2000 (the Series 2000 Bonds). The proceeds of the Series 2000 Bonds, including the original issue premium of \$1,424,886, were used (i) to refund \$42,000,000 of the then outstanding Manhattan College Insured Revenue Bonds, Series 1992, (ii) to make a deposit to debt service reserve funds, (iii) to pay certain costs incurred in connection with the issuance of the Series 2000 Bonds, and (iv) for renovation and expansion of the College's library. The bonds bear interest at annual rates ranging from 4.25% to 5.50%, mature in 2020, and are secured by certain revenues (tuition, fees, and other charges) and certain buildings, fixtures, and equipment of the College.
- (d) On March 8, 2007, the Dormitory Authority of the State of New York issued \$35,000,000 of tax-exempt Manhattan College Insured Revenue Bonds, Series 2007A (the Series 2007A Bonds). The proceeds of the Series 2007A Bonds, including the original issue premium of \$1,769,749, are being used for the construction of East Hill Tower II. This new residence hall building will be 10 stories and offer approximately 275 two-bed units to accommodate 550 residents. The bonds bear interest at annual rates ranging from 4.07% to 5.07%, mature in 2023, and are secured by certain revenues (tuition, fees, and other charges) and certain buildings, fixtures, and equipment of the College.

Interest expense on long-term debt approximated \$2,049,000 (net of capitalized interest expense of \$482,163 less capitalized interest income of \$386,784) and \$2,143,000 in 2007 and 2006, respectively.

Aggregate future minimum annual payments of principal for long-term debt at June 30, 2007 are as follows:

Year ending June 30:	
2008	\$ 2,145,437
2009	2,181,213
2010	2,349,434
2011	2,407,804
2012	2,556,330
Thereafter	59,546,591
	71,186,809
Add original issue premium	2,744,672
Total long-term debt	\$ 73,931,481

**MANHATTAN COLLEGE**

Notes to Financial Statements

June 30, 2007

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

Funds held by bond trustee, at fair value, are invested principally in U.S. Treasury notes and consist of the following at June 30, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Debt service and reserve funds	\$ 3,019,428	2,111,572
Construction funds	30,115,731	—
Total funds held by trustee	\$ 33,135,159	2,111,572

**(8) Pension Plans**

Retirement benefits are provided to academic and nonacademic personnel under a defined contribution plan through Teacher's Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), a national organization used to fund pension benefits for educational institutions. Under this agreement, the College makes annual contributions to TIAA/CREF to purchase individual annuities equivalent to retirement benefits earned. Contributions by the College for the years ended June 30, 2007 and 2006 aggregated \$1,780,000 and \$1,529,000, respectively. There are no unfunded vested benefits and it is the College's policy to fund pension costs accrued.

The College also makes annual contributions to the La Salle Provincialate, Inc. retirement plan for members of the Christian Brothers employed by the College. Contributions by the College were approximately \$40,000 for the years ended June 30, 2007 and 2006.

**(9) Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets at June 30, 2007 and 2006 are available for:

	<b>2007</b>	<b>2006</b>
Scholarships and other program needs of the College	\$ 16,609,591	11,880,553
Plant renovation and expansion	2,200,000	4,572,564
Future periods, including amounts related to planned giving agreements	7,364,048	4,031,302
Total temporarily restricted net assets	\$ 26,173,639	20,484,419

The investment return on permanently restricted net assets is expendable principally to support scholarships.

**MANHATTAN COLLEGE**

Notes to Financial Statements

June 30, 2007

**(10) Tuition and Fees**

Tuition and fees are presented net of amounts awarded to students to defray their cost of attending the College and are summarized as follows for the years ended June 30, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Tuition and fees	\$ 70,593,020	68,463,377
Less:		
College funded scholarships	(17,857,465)	(17,552,046)
Endowed scholarships	(1,111,657)	(1,007,642)
Government grant and private gift funded scholarships	(1,742,659)	(1,202,745)
Tuition and fees, net	\$ 49,881,239	48,700,944

**(11) Expenses**

Expenses are reported in the accompanying statement of activities in categories recommended by the National Association of Colleges and University Business Officers. The College's primary program services are instruction and research and sponsored programs. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program services. Institutional support includes fund-raising expenses of approximately \$2,631,968 in 2007 and \$2,701,181 in 2006. For purposes of reporting fund-raising expenses, the College includes only those fund-raising costs incurred by its institutional advancement office.

**(12) Allocation of Certain Expenses**

The College allocates certain operation and maintenance of plant, depreciation, and interest and other debt-related expenses based upon building square footage and the use of each facility. Direct expenses of auxiliary enterprises also include other operation and maintenance of plant costs. For the year ended June 30, 2007 (with comparative totals for 2006), the following allocation of expenses was included in the statement of activities:

	<b>Operation and maintenance of plant</b>	<b>Depreciation</b>	<b>Interest and other debt-related expenses</b>	<b>Direct expenses</b>	<b>Total per statement of activities</b>
Instruction	\$ 1,510,005	332,309	—	21,608,655	23,450,969
Research and sponsored programs	—	—	—	972,670	972,670
Academic support	1,630,677	1,086,604	—	5,868,938	8,586,219
Student services	1,215,737	686,468	103,526	12,161,803	14,167,534
Institutional support	558,461	339,744	10,794	13,995,923	14,904,922
Auxiliary enterprises	306,571	1,990,548	1,968,672	8,658,063	12,923,854
Total 2007	\$ 5,221,451	4,435,673	2,082,992	63,266,052	75,006,168
Total 2006	\$ 4,880,790	4,342,052	2,150,292	60,814,517	72,187,651

## MANHATTAN COLLEGE

### Notes to Financial Statements

June 30, 2007

#### (13) Fair Value of Financial Instruments

The carrying amount of financial instruments, except as follows, approximates fair value due to the short-term maturity of these instruments. Management estimates that the carrying value of the College's long-term debt is not materially different than its fair value as of June 30, 2007 and 2006 because the Series 2007A and Series 2000 Bonds bear interest at rates, which are not significantly different than current market rates for loans with similar maturities and credit quality.

The fair value of contributions receivable, investments, and funds held by bond trustee is discussed in notes 3, 4, and 7, respectively. A reasonable estimate of the fair value of Federal Perkins loans to students could not be made because the loans are not saleable and can only be assigned to the U.S. government or its designees.

#### (14) Contingencies

Certain federally funded financial aid programs are routinely subject to special audit. The reports on the audits, which are conducted pursuant to specific regulatory requirements by the auditors of the College, are required to be submitted to both the College and the U.S. Department of Education. Such agency has the authority to determine liabilities, as well as to limit, suspend, or terminate federal student aid programs. In the opinion of management, audit adjustments, if any, would not have a significant effect on the financial position of the College.

#### (15) NCAA/MIBA Receivable

The Metropolitan Intercollegiate Basketball Association (the Association or MIBA) was formed in 1938 as a not-for-profit entity organized as a voluntary association situated in the City and State of New York consisting of five member institutions: Fordham University, Manhattan College, New York University, St. John's University, and Wagner College. The Association controlled, directed, and supervised a pre-season and post-season college basketball tournament known as the National Invitation Tournament (NIT). On or about June 4, 2001, MIBA entered into litigation against the National Collegiate Athletic Association (NCAA) seeking to collect damages and injunctive relief for alleged violations of federal antitrust laws.

On August 17, 2005, MIBA and the NCAA came to a mutual understanding with respect to the settlement of the lawsuit, whereby the NCAA agreed to acquire the assets of MIBA. In consideration, at the closing of the transaction, the NCAA paid to MIBA \$9,000,000. In addition, the NCAA will pay to MIBA's five schools, the sum of \$5,000,000 in total or \$1,000,000 per school on August 31 of each year, beginning in 2006, for the nine years following the closing of the transaction, equaling \$45,000,000. During these nine years, the five schools will also share 40% of the net income of the tournaments. The payout will be based on a minimum net income of \$625,000. The present value of the receivable at June 30, 2007 and 2006 is \$6,786,400 and \$7,463,213 respectively.

#### (16) Commitments

In connection with a construction project, the College has a commitment under a construction contract of \$37,197,131 at June 30, 2007.

**MANHATTAN COLLEGE**

Notes to Financial Statements

June 30, 2007

**(17) Asset Retirement Obligation**

In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations*. Under FIN 47, organizations must accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. In addition, the estimate must be recorded as a liability and as an increase to the asset. The capitalized portion is depreciated over the remaining useful life of the asset.

Management has identified asbestos abatement as a conditional asset retirement obligation and estimated that the cost of remediation is \$1,341,240 at present value. Management believes the most reasonable remaining useful life should be consistent with its depreciation policy. Accordingly, the entire amount of \$1,341,240 was reflected as a cumulative effect of change in accounting principle in the 2006 statement of activities.



**SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT,  
AS SUPPLEMENTED**

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**SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT, AS  
SUPPLEMENTED**

The following is a summary of certain provisions of the Loan Agreement and Loan Agreement Supplement No. 3. This summary does not purport to be complete and reference should be made to the Loan Agreement and to Supplement No. 3, copies of which are on file with the Authority and the Trustee, for a complete statement of the rights, duties and obligations of the Authority, the Trustee and the Bondholders under the Loan Agreement and Loan Agreement Supplement No. 3. The headings below are not part of the Loan Agreement or Supplement No. 3 but have been added for ease of reference only. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

**Construction of Project**

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

*(Section 5)*

**Amendment of the Project; Sale or Conveyance of Project; Cost Increases; Additional Bonds**

A Project may be amended by agreements supplementing the Loan Agreement by and between the College and the Authority, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

The College covenants that it shall not transfer, sell, encumber or convey any interest in the Project, the Mortgaged Property or any part thereof or interest therein, including development rights, without the prior written consent of the Authority and the Credit Facility Provider, which consent shall be accompanied by (i) an agreement by the College to comply with all terms and conditions of such consent and (ii) an opinion of Bond Counsel stating that the change will not have an effect on the status of the taxability of the Bonds for federal income taxation purposes. As a condition to such approval, the Authority or the Credit Facility Provider may require that the College 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 College may (i) remove equipment, furniture or fixtures in the Project or the Mortgaged Property or which comprise a part of the Project or the Mortgaged Property provided that any equipment, furniture or fixtures owned by the College that are removed or replaced will be substituted by the College with equipment, furniture or fixtures having at least equivalent value and utility, and (ii) construct the terminus of a bridge across Manhattan College Parkway to the Mortgaged Property.

No Contract Documents shall be entered into after the date of the Loan Agreement and no material modification, addition or amendment to the Contract Documents shall be made, which Document, modification, addition or amendment materially affects the scope or nature of the Project without the prior written approval of the Authority, which approval shall not be unreasonably withheld. The College 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.

The Authority, upon the request of the College, may, but shall not be required to, issue Bonds to provide moneys required for the cost of completing the Project in excess of the moneys in the applicable

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account in the Construction Fund. Nothing contained in the Loan Agreement or in the Resolution shall be construed as creating any obligation upon the Authority to issue Bonds for such purpose, it being the intent of the Loan Agreement to reserve to the Authority full and complete discretion to decline to issue such Bonds. The proceeds of any additional Bonds shall be deposited and applied as specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

*(Section 6)*

### **Financial Obligations**

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

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

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

(iii) Three (3) Business Days prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such interest payment date;

(iv) Other than with respect to Variable Interest Rate Bonds, 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 Bonds becomes due, one-sixth (1/6) of the interest coming due on the Bonds on the immediately succeeding interest payment date on the Bonds; provided, however, that, if with respect to the Bonds there are more or less than six (6) such payment dates prior to the first interest payment on the Bonds, on each payment date prior to such interest payment date the College shall pay with respect to such Bonds an amount equal to the interest coming due on the 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 the Bonds;

(v) On the tenth (10th) day of each month commencing on the tenth (10th) day of the June immediately preceding the July 1 (or such other date as set forth in the Applicable Series Resolution) 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 (or such other date as set forth in the Applicable Series Resolution); provided, however, that, if with respect to the Bonds there are less than twelve (12) such payment dates prior to the July 1 (or such other date as set forth in the Applicable Series Resolution) on which principal or Sinking Fund Installments come due on the Bonds, on each payment date prior to such July 1 (or such other date as set forth in the Applicable Series Resolution) the College 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 (or such other date as set forth in the Applicable Series Resolution) 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 (or such other date as set forth in the Applicable Series Resolution);

(vi) At least thirty (30) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than a Variable Interest Rate Bond to be purchased or redeemed pursuant to an optional or mandatory tender thereof, 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 each Series of 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 a Series of 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 such Series of 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 (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any reasonable external costs or expenses incurred by it attributable to the issuance of a Series of Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, a Credit Facility or a Liquidity Facility, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the College of all the provisions of the Loan Agreement or of any Mortgage or the Resolution in accordance with the terms thereof and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

(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 College as a result of an acceleration pursuant to the Loan Agreement;

(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;

(xi) By 5:00 P.M., New York City time, on the Business Day notice thereof is given to the College by the Authority, a Remarketing Agent or the Trustee, the amount, in immediately available funds, required to pay the purchase price of Variable Interest Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which has not been paid pursuant to a Liquidity Facility; provided, however, that if such notice is given to the College by 11:00 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 College 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 Business Day;

(xii) Promptly upon demand by the Authority, all amounts, if any, 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 Loan Agreement, any amounts necessary to pay the principal, Sinking Fund Installment, purchase price 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 the Resolution and the Applicable Series Resolution, whether at maturity, upon acceleration, mandatory tender, redemption or otherwise.

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 College to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the College's indebtedness to the Authority under the Loan Agreement with respect to the Bonds, 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 Resolution. Except as otherwise provided in the Resolution, the Trustee shall hold such moneys in trust in

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accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of the Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of such Bonds.

The obligations of the College 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 that the College 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 College to complete the Project or the completion thereof with defects, failure of the College to occupy or use the Project, any declaration or finding that the Bonds are or any Series of Bonds or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the College 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 College for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund and available therefor.

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

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

The College, 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 College, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution with respect to the Bonds, including the purchase or redemption of all such Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the College, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid in accordance with their terms or to be deemed paid in accordance with the Resolution.

*(Section 9)*

### **Reserve Funds**

The College agrees to deliver to the Trustee for deposit in the Debt Service Reserve Fund moneys, Revenues, Government Obligations and Exempt Obligations described in the Applicable Series Resolution the value (determined in accordance with the Resolution) of which, upon delivery of such Series of Bonds, together with the proceeds of such Bonds, if any, and any Reserve Fund Facility to be deposited in the Debt Service Reserve Fund, is at least equal to the Debt Service Reserve Fund Requirement. The College agrees that it will maintain on deposit in the Debt Service Reserve Fund moneys, Revenues, Government Obligations and Exempt Obligations described in the Resolution, the value of which is not less than the Debt Service Reserve Fund Requirement; provided, however, that the College shall be required to deliver additional moneys, Revenues, Government Obligations and Exempt Obligations described in the

Resolution to the Trustee for deposit in such account only upon receipt of the notice required by the Resolution.

Notwithstanding the foregoing, the College may deliver to the Trustee a Reserve Fund Facility for all or any part of the Debt Service Reserve Fund Requirement in accordance with and to the extent permitted by the Resolution or the Applicable Series Resolution.

Deposits, withdrawals and substitutions of Securities in the Debt Service Reserve Fund shall be made in accordance with the Loan Agreement and with the Resolution.

*(Section 10)*

**Security Interest in Pledged Revenues**

As security for the payment of all liabilities and the performance of all obligations of the College pursuant to the Loan Agreement, the College does hereby continuously pledge, grant a security interest in, and assign to the Authority any or all of the Pledged Revenues together with the College'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.

The College represents, warrants and agrees that no part of the Pledged Revenues or any right to receive or collect the same nor the proceeds thereof is or will be subject to any lien, pledge, security interest or assignment, other than the Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the College's performance under the Loan Agreement. The College agrees that it shall not hereafter create or permit the creation of, except for Permitted Encumbrances, any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior to the pledge made by this Section.

Prior to any assignment of Pledged Revenues to the Trustee, with the prior consent of the Authority and the Credit Facility Providers but without the consent of the Trustee, or the Holders of Bonds, such Pledged Revenues and the security interest therein may be amended, modified, terminated or satisfied and the property or other interests identified as such Pledged Revenues and such security interest therein may be released from the lien thereof or other property or interests may be substituted for all or part of the property or other interests identified as such Pledged Revenues or such security interest therein, upon such terms and conditions as the Authority may require.

*(Section 11)*

**Collection of Pledged Revenues**

Subject to the provisions of the third and fourth paragraphs of this Section, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the College shall deliver to the Trustee for deposit to the Debt Service Fund all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days after receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to each principal payment date and Sinking Fund Installment payment date set forth in the Loan Agreement and interest on Outstanding Bonds payable on and prior to each interest payment date set forth in the Loan Agreement, together with 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 College 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 College shall continue to deliver to the Trustee for deposit in the Debt Service Fund any payments received by the College with respect to the Pledged Revenues, if any (other than such amounts subject to the Prior Pledges, if any).

Notwithstanding anything to the contrary in the first two paragraphs of this Section, in the event that, on or prior to each interest payment date, each principal payment date and each Sinking Fund Installment

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payment date set forth in the Loan Agreement (each such payment date, a "Bond Payment Date"), the College makes a payment to or upon the order of the Trustee, from its general funds or from any other money legally available to it for such purpose, in the amount which the College is required to pay to the Trustee on each Bond Payment Date pursuant to the Loan Agreement, the College shall not be required solely by virtue of the first two paragraphs of this Section, to deliver the Pledged Revenues to the Trustee in such amount as is due to be paid on each Bond Payment Date.

Any Pledged Revenues collected by the College 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 College 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)*

### **The Mortgage; Lien on Fixtures, Furnishings and Equipment**

If required by the Authority in connection with and as a condition precedent to the issuance of any Series of Bonds, the College shall execute and deliver to the Authority a Mortgage in recordable form upon property acceptable to the Authority to secure all obligations and liabilities of the College under the Loan Agreement.

As further security for obligations and liabilities of the College under the Loan Agreement, the College, if required by the Authority in connection with and as a condition precedent to the issuance of any Series of Bonds, shall grant to the Authority a security interest in such fixtures, furnishings and equipment owned by the College which then are or thereafter will be located in or on any Mortgaged Property as may be acceptable to the Authority, and in all proceeds thereof and in all fixtures, furnishings and equipment that are owned by the College which may be substituted therefor. The College covenants that such fixtures, furnishings and equipment and replacements and proceeds thereof owned by the College will at the time the security interest therein is granted to the Authority be free from any other security interest, other than Permitted Encumbrances.

Prior to any assignment of the Mortgage to the Trustee, the Authority, with the consent of the Credit Facility Providers, the Trustee or the Holders of Bonds, such Mortgage and the security interest in any fixtures, furnishings or equipment located in or on any Mortgaged Property, may be amended, modified, terminated or satisfied and the property subject to such Mortgage and such security interest may be released from the lien thereof or other property may be substituted for all or part of the property subject to such Mortgage or such security interest, upon such terms and conditions as the Authority may require. As a condition to such approval, the Authority may require that the College 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 College may remove equipment, furniture or fixtures in the Mortgaged Property provided that any equipment, furniture or fixtures owned by the College that are removed or replaced will be substituted by the College with equipment, furniture or fixtures having at least equivalent value and utility. Upon prior written notification to the Authority, the College may dispose of personal property, furnishings and equipment that has become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary so long as the sale, lease, removal or other disposition thereof will not have a material adverse effect on the operations or finances of the College.

*(Section 13)*

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

The College consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive the payments required to be made pursuant to the Loan Agreement, any or all security interests granted by the College under the Loan Agreement, including without limitation the security interest in the Pledged Revenues, any Mortgage, any security interest in the fixtures, furnishings and equipment located on any Mortgaged Property, and all funds and accounts



established by the Resolution and pledged thereby in each case to secure any payment or the performance of any obligation of the College under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The College further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this Section, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the College's obligation to make payments on the Bonds specified by the Loan Agreement and to performing all other obligations required to be performed by the College under the Loan Agreement for the Bonds. Any realization upon any Mortgaged Property or any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the College under the Loan Agreement.

*(Section 15)*

### **Tax-Exempt Status of College**

The College 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. The College 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 College as an 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 any manner, or for any trade or business or other non-exempt use unrelated to the purposes of the College, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

*(Section 18)*

### **Restrictions on Religious Use**

The College agrees that with respect to any 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 any Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The College 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

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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 the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of this Section an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure, condemnation or otherwise, shall be considered a sale for the fair market value thereof.

*(Section 23)*

### **Damage or Condemnation**

In the event of a taking of the Project or any Mortgaged Property or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of such Project or any Mortgaged Property, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award received by the College shall be paid upon receipt thereof by the College or the Authority to the Trustee for deposit in the Construction Fund, and

(a) if within 120 days from the receipt by the Authority of actual notice or knowledge of the occurrence, the College and the Authority agree in writing that the Project, any Mortgaged Property or the affected portion thereof shall be repaired, replaced or restored, the College shall proceed to repair, replace or restore the Project, any Mortgaged Property 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 College 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 College; or

(b) if no agreement for the restoration or replacement of the Project, any Mortgaged Property or the affected portion thereof shall be reached by the Authority and the College within such 120 day period, all respective proceeds shall be transferred from the Construction Fund to the Debt Service Fund and applied to the purchase or redemption of Outstanding Bonds.

*(Section 26)*

### **Defaults and Remedies**

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

(i) the College shall (A) default in the timely payment of any amount payable pursuant to Section 9 of the Loan Agreement (other than pursuant to subsections (iii) or (xi) of the first paragraph of Section 9) or in the delivery of Exempt Obligations or Government Obligations or the payment of any other amounts required to be delivered or paid by or on behalf of the College in accordance with the Loan Agreement or with the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable pursuant to subsection (iii) of the first paragraph of Section 9 of the Loan Agreement and such default continues for a period in excess of one (1) day or (C) default in the timely payment of any payment pursuant to subsection (xi) of the first paragraph of Section 9 of the Loan Agreement; or

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

(iii) as a result of any default in payment or performance required of the College or any 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 Facility Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(iv) the College shall be in default under any Mortgage and such default continues beyond any applicable grace period;

(v) Reserved;

(vi) the College 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;

(vii) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the College, 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 College, or any petition for any such relief shall be filed, against the College and such order or petition shall not be dismissed within ninety (90) days;

(viii) the charter of the College shall be suspended or revoked;

(ix) a petition or other appropriate document shall be filed by the College with the legislature of the State of New York or other governmental authority having jurisdiction over the College to dissolve the College;

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

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

(xii) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the College, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days; or

(xiii) a final judgment for the payment of money which in the reasonable judgment of the Authority will materially adversely affect the rights of the Holders of the Bonds shall be rendered against the College and at any time after thirty (30) days from the entry thereof, (A) such judgment shall not have been discharged or (B) the College 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 thirty (30) 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.

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

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

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(ii) direct the Trustee to withhold any or all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the College 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 College under the Loan Agreement to recover any sums payable by the College or to require its compliance with the terms of the Loan Agreement or of any Mortgage;

(v) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Debt Service Reserve Fund by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal or Redemption Price of and interest on the Bonds, or any other obligation or liability of the College or the Authority arising from the Loan Agreement or from the Resolution;

(vi) realize upon any security interest which the Authority may then have in the pledge and assignment of the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement and in a manner consistent with the rights of the holders of indebtedness secured by the Prior Pledges, by any one or more of the following actions: (A) during normal business hours enter the College and examine and make copies of the financial books and records of the College 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 College 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 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 may continue to do so commencing on each such interest payment date, to the extent of amounts due on Outstanding Bonds on the next interest payment date, with respect to the Pledged Revenues, until such amounts are fully collected; provided, further, that written notice of such notification shall be mailed to the College five (5) days prior to mailing or otherwise making such notification to account debtors; provided, further, that until the College 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, or, in good faith compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the College's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the College whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the College 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 the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the College under the Loan Agreement including the fees and expenses of the Authority; provided, further, that the Authority in its sole discretion may authorize the College to make withdrawals from such fund or account for its corporate purposes; provided, further, that the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the College when all Events of Default under the Loan Agreement by the College have been cured; (E) forbid the College 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 College any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

(vii) to the extent permitted by law, (A) enter upon the Project and complete the construction of any Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the

College, consent to such entry being given by the College, (B) at any time discontinue any work commenced in respect of the construction of any Project or change any course of action undertaken by the College 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 College in any way relating to the construction of any Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the College, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of any Project undertaken by the Authority pursuant to the provisions of this subparagraph (vii), (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 the Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of the Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The College shall be liable to the Authority for all sums paid or incurred for construction of any Project whether the same shall be paid or incurred pursuant to the provisions of this subparagraph (vii) 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 College to the Authority upon demand. For the purpose of exercising the rights granted by this subparagraph (vii) during the term of the Loan Agreement, the College 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 College;

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

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

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 or action taken pursuant to paragraph (b) of this Section and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

*(Section 31)*

### **Arbitrage; Tax Exemption**

The College covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of Bonds, which would cause the Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. The College (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an

## ***Appendix C***

arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the College by the Authority.

*(Section 36)*

### **Series 2007B Mortgage; Lien on Fixtures, Furnishings and Equipment; Prior Pledges**

Immediately prior to the delivery of the Series 2007B Bonds, the College shall execute and deliver the Series 2007B Mortgage that shall together with the Series 2000 Mortgage and the Series 2007A Mortgage secure all obligations and liabilities of the College under the Loan Agreement. The College agrees to execute and deliver the Series 2007B Mortgage as a condition precedent to the issuance of the Series 2007B Bonds. Upon execution and delivery of the Series 2007B Mortgage, the Series 2007B Mortgage shall constitute a "Mortgage" as such term is defined in the Resolution.

As further security for all obligations and liabilities of the College under the Loan Agreement, the College shall grant to the Authority a security interest in such fixtures, furnishings and equipment owned by the College which then are or thereafter will be located in or on the Mortgaged Property subject to the Series 2007B Mortgage as may be acceptable to an Authorized Officer of the Authority, and in all proceeds thereof and in all fixtures, furnishings and equipment that are owned by the College which may be substituted therefor.

The Prior Pledges with respect to the Bonds as of the date of issuance of the Series 2007B Bonds are identified in Schedule C to Loan Agreement Supplement No. 3.

*(Supplement No. 3, Section 5)*

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

To secure all obligations and liabilities of the College under the Loan Agreement, the College does hereby ratify and confirm the pledge of, grant of a security interest in and assignment to the Authority of the Pledged Revenues together with the College's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues made pursuant to the Loan Agreement. Such pledge of, grant of security interest in and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges.

*(Supplement No. 3, Section 6)*

### **Additional Terms**

The College shall fix, charge, collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, fees and charges which, together with other Unrestricted Revenues, shall be sufficient in each Fiscal Year to provide for the payment of (i) operating and maintenance expenses of the type set forth in the College's audited financial statements incurred during such Fiscal Year, (ii) debt service on the Bonds and all other Debt of the College due and payable during such Fiscal Year and (iii) all other amounts, fees and charges, if any, due and payable during such Fiscal Year under the Loan Agreement, including, without duplication or limitation, Section 9 thereof, and any Interest Rate Exchange Agreement pertaining to a Series of Bonds, any Auction Agency Agreement, any Broker-Dealer Agreement, any Market Agent Agreement, any Remarketing Agreement, and any other document executed in connection with a Series of Bonds.

The College may incur Debt secured by a mortgage and the Pledged Revenues equally and ratably with the debt represented by the Series 2007B Bonds, the Series 2007A Bonds and the Series 2000 Bonds ("Parity Debt") provided that Net Revenues Available for Debt Service, as certified by a written report of an Accountant which shall be filed with the Authority for each of the two most recent Fiscal Years for which audited financial statements are available immediately preceding the date of incurrence of such Parity Debt, was at least equal to 1.25 times Maximum Aggregate Annual Debt Service on all outstanding Parity Debt and the Parity Debt proposed to be incurred.

The College shall at all times maintain Unrestricted Resources of at least \$7,000,000. In the event the amount of Unrestricted Resources as indicated on the College's audited financial statements should be less than \$7,000,000, as of the end of any fiscal year of the College, by no later than the end of the next

succeeding fiscal year, the College shall deposit into the Debt Service Reserve Fund an amount sufficient to cause cash and Securities deposited in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement and the Trustee shall thereafter release the surety bond issued by the Facility Provider.

Subordinated Debt. (i) Any debt of the College which is subordinate to the lien of the Bondholders on the Pledged Revenues (herein called “Subordinated Indebtedness”), shall have the same payment dates as the Series 2007B Bonds and provide that such debt may not be accelerated without the consent of the Credit Facility Provider.

The Subordinated Indebtedness shall at all times be wholly subordinate and junior in right of payment to any and all indebtedness of the College under the Loan Agreement or the Bonds (herein called “Superior Indebtedness”), in the manner and with the force and effect hereafter set forth:

(A) In the event of any liquidation, dissolution or winding up of the College, or of any execution, sale, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization, or other similar proceeding relative to the College or its property, all principal and interest owing on all Superior Indebtedness shall first be paid in full before any payment is made upon the Subordinated Indebtedness, provided, however, that, except for Pledged Revenues, this sentence shall not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness; and in any such event any payment or distribution of any kind or character from sources other than the proceeds of collateral specifically securing the Subordinated Indebtedness, except for Pledged Revenues, whether in cash, property or securities (other than in securities, including equity securities, or other evidences of indebtedness, the payment of which is subordinated to the payment of all Superior Indebtedness which may at the time be outstanding) which shall be made upon or in respect of the Subordinated Indebtedness shall be paid over to the holders of such Superior Indebtedness, pro rata, for application in payment thereof unless and until such Superior Indebtedness shall have been paid or satisfied in full; and

(B) In the event that the Subordinated Indebtedness is declared or become due and payable because of the occurrence of any event of default under the Loan Agreement or Resolution, as appropriate or otherwise than at the option of the College, under circumstances when the foregoing clause (A) shall not be applicable, the holders of the Subordinated Indebtedness shall be entitled to payments only after there shall first have been paid in full all Superior Indebtedness outstanding at the time the Subordinated Indebtedness so becomes due and payable because of any such event, or payment shall have been provided for in a manner satisfactory to the holders of such Superior Indebtedness, provided, however, that, except for Pledged Revenues, this sentence shall not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness.

(ii) The College agrees, for the benefit of the holders of Superior Indebtedness, that in the event that any Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of a default under the Loan Agreement Supplement No. 3, (a) the College will give prompt notice in writing of such happening to the holders of Superior Indebtedness and (b) all Superior Indebtedness shall forthwith become immediately due and payable upon demand, regardless of the expressed maturity thereof.

(iii) Any default in the covenants contained in this section shall be an immediate “Event of Default” under the Loan Agreement without regard to any grace period otherwise contained in the Loan Agreement.

(iv) If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the College maintained with or held by such holder.

Default Rate. Amounts paid by the Credit Facility Provider in respect of the principal and/or interest on the Series 2007B Bonds shall bear interest until repaid to the Credit Facility Provider at a per annum rate of interest equal to the rate from time to time announced by the Insurance Trustee as its base lending rate plus three percent (3%).

## *Appendix C*

Indemnification. The College shall protect, hold harmless and indemnify the Credit Facility Provider for, from and against any and all liability, obligations, losses, claims and damages paid or incurred in connection with its business or properties, this Loan Agreement and any related instrument (including all environmental liabilities regarding its properties), (except that the College shall not protect, hold harmless or indemnify the Credit Facility Provider for the willful or wanton acts or omissions, mistakes or gross negligence of the Credit Facility Provider, to the extent that such acts, omissions, mistakes or gross negligence of such party are successfully alleged to have caused the liability, obligation, loss, claim or damage) and expenses in connection herewith including reasonable attorneys' fees and expenses. The obligations of the College to protect, hold harmless, reimburse and indemnify the Credit Facility Provider as set forth under this Section shall survive any termination, release, satisfaction and discharge of the Loan Agreement, the Resolution and the Series 2007B Resolution.

Certain Additional reporting Requirements. The College shall provide to the Credit Facility Provider the following:

- (i) if the College maintains self-insurance pursuant to Section 25 of the Loan Agreement, annually, a report of an insurance consultant, related to such self-insurance;
- (ii) a copy of any audit, budget, or other material report of the College within twenty (20) days of completion of such audit, budget or report and thereafter as updated;
- (iii) a copy of any notice or report required to be given to the Trustee, the Paying Agent, if any, or the Holders of the Series 2007B Bonds executed in connection with the issuance of the Series 2007B Bonds, including, without limitation, notice of any redemption of or defeasance of the Series 2007B Bonds, and any certificate rendered pursuant to the Resolution or this Loan Agreement relating to the security for the Series 2007B Bonds;
- (iv) a copy of any information filed by the College pursuant to any continuing disclosure undertaking of the College;
- (v) within 45 days of the close of the College's fiscal year, the "Higher Education Statistical Questionnaire" in the form set forth on Schedule 14 of the Credit Facility Provider's financial guaranty insurance commitment; and
- (vi) such additional information as the Credit Facility Provider may reasonably request.

The College shall permit the Credit Facility Provider and/or the Insurance Trustee to discuss the affairs, finances and accounts of the College or any information the Credit Facility Provider may reasonably request regarding the security for the Bonds with appropriate officers of the College. The College shall permit the Credit Facility Provider and/or the Insurance Trustee to have access to and make copies of all books and records relating to the Bonds, and the security therefor at any reasonable time.

For the purposes of this Section, the following terms shall have the following respective meanings:

"Accountant" means any Person who is a certified public accountant or firm of such accountants with a national or regional reputation selected by the College and acceptable to the Authority.

"Debt" means any guarantee and any indebtedness of the College for borrowed money (other than accounts payable and accruals), as determined in accordance with generally accepted accounting principles, including obligations with respect to the Bonds, under conditional sales contracts or other title retention contracts and rental obligations under leases which are considered capital leases under generally accepted accounting principles.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the College.

"Maximum Aggregate Annual Debt Service" means, as of any date of calculation, the aggregate debt service on all Parity Debt as computed for the then current or any future Fiscal Year in which such sum shall be largest.



"Net Investment in Plant" means Property, Plant and Equipment, net, as reflected in the College's most recent audited financial statements, minus Long-Term Debt, net, as reflected in the College's most recent audited financial statements.

"Net Revenues Available for Debt Service" means for any period the unrestricted surplus of the College as shown on its audited financial statements for such period, adjusted by (a) subtracting (to the extent included in unrestricted surplus) unrealized gains or losses on investments for such period, and (b) adding (to the extent not already included in unrestricted surplus) each of the following (to the extent not already included in unrestricted surplus): (i) income and gains from long-term investing activities and (ii) depreciation and interest.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Unrestricted Revenues" means for any period the unrestricted revenues of the College as shown on its audited financial statements for such period, adjusted by (a) subtracting each of the following (to the extent included in unrestricted revenues): (i) bad debt allowance for such period, (ii) unrealized gains or losses on investments for such period and (iii) any pledges by donors made in such period but not actually collected in such period and (b) adding each of the following (to the extent not already included in unrestricted revenues): (i) net assets released from temporary restrictions in such period and (ii) any donations actually collected in such period, but for which pledges were recorded as unrestricted revenues for a prior period.

"Unrestricted Resources" means Unrestricted Net Assets, as reflected in the College's most recent audited financial statements, minus Net Investment in Plant, as defined above.

*(Supplement No. 3, Section 7)*

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**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

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

The following is a summary of certain provisions of the Resolution. Such summary does not purport to be complete and reference should be made to the Resolution, copies of which are on file with the Authority and the Trustee, for a complete statement of the rights, duties and obligations of the Authority, the Trustee and Bondholders under the Resolution. The headings below are not part of the Resolution but have been added for ease of reference only. Defined terms used in this Appendix shall have the meanings ascribed to them in Appendix A.

### **Resolution and Bonds Constitute a Contract**

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

*(Section 1.03)*

### **Assignment of Certain Rights and Remedies to the Trustee**

(a) As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds and for the performance of each other obligation of the Authority under the Resolution, the Authority may grant, pledge and assign to the Trustee some or all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement or the Mortgage(s), together with some or all rights, powers, security interests, privileges, options and other benefits of the Authority under the Loan Agreement or the Mortgage(s), including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) some or all Revenues, Pledged Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under the Loan Agreement or the Mortgage(s), and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Bondholders, and to perform all other necessary and appropriate acts under the Loan Agreement or the Mortgage(s), except for those reserved rights contained in the Applicable Assignment Agreement, and subject to the following conditions: (i) that the Holders of the Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority; (ii) that, unless and until the Trustee shall, in its discretion when an "Event of Default" (as defined in the Loan Agreement) under the Loan Agreement shall have occurred and shall be continuing, so elect, by instrument in writing delivered to the Authority and the College (and then only to the extent that the Trustee shall so elect), the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in the Loan Agreement or the Mortgage(s) to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision), the Authority, however, to remain liable to observe and perform all the conditions and covenants, in the Loan Agreement and the Mortgage(s), provided to be observed and performed by it; and (iii) that the Mortgage(s) may not be assigned by any party thereto without the written consent of the other parties thereto except to the Trustee as permitted by the Resolution; provided, however, that any grant, pledge and assignment of moneys, revenues, accounts, rights or other property of the College made with respect to the Loan Agreement pursuant to this paragraph shall secure, in the case of the Loan Agreement and the Mortgage(s), only the payment of the amounts payable under the Loan Agreement or the Mortgage(s) unless otherwise provided therein.

## ***Appendix D***

(b) In the event the Authority grants, pledges and assigns to the Trustee any of its rights as provided in the Resolution, the Trustee shall accept such grant, pledge and assignment, which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee.

*(Section 1.04)*

### **Refunding Bonds**

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

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

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

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

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

A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements of this Section.

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

*(Section 2.04)*

### **Additional Obligations**

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

*(Section 2.05)*

### **Pledge of Revenues**

The proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Pledged Revenues, and all funds and accounts established by the Resolution other than the Arbitrage Rebate Fund, are by the Resolution pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installment, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority under the Resolution, all in accordance with the provisions of the Resolution. The pledge made by the Resolution shall also be for the benefit of each

Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution; provided, however, that such pledge and assignment shall, in all respects, be subject and subordinate to the rights and interest therein of the Holders of the 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 the Bonds, the Revenues, the Authority's security interest in the Pledged Revenues, and all funds and accounts established by the 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 shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Bonds, the Revenues, the Authority's security interest in the Pledged Revenues, and the funds and accounts established by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon, subject only to any Prior Pledges.

*(Section 5.01)*

**Establishment of Funds and Accounts**

The following funds and separate accounts within funds are authorized to be established held and maintained for the benefit of the Bonds and shall be held and maintained by the Trustee separate from any other funds established and maintained pursuant to any other resolution:

Construction Fund;

Debt Service Fund;

Debt Service Reserve Fund; and

Arbitrage Rebate Fund.

Notwithstanding anything to the contrary in the Resolution, the Authority may establish additional funds or accounts, and provide for the purposes, terms and conditions pertaining to such funds or accounts, pursuant to a Series Resolution or a Bond Series Certificate and a Loan Agreement Supplement. Accounts and subaccounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund authorized to be created by the Resolution, other than the Arbitrage Rebate Fund, shall be held in trust for the benefit of the Holders of the Bonds for the uses and purposes provided in the Resolution; provided, however, that the proceeds derived from the remarketing of Variable Interest Rate Bonds tendered or deemed to have been tendered for purchase or redemption 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 Credit Facility or 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 or Redemption Price of Variable Interest Rate 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 Variable Interest Rate Bonds and are pledged by the Resolution for the payment of the purchase price or Redemption Price of such Variable Interest Rate Bonds.

*(Section 5.02)*

**Application of Bond Proceeds and Allocation Thereof**

Upon the receipt of proceeds from the sale of a Series of Bonds, the Authority shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series or in the Bond Series Certificate relating to such Series.

## ***Appendix D***

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

*(Section 5.03)*

### **Application of Moneys in the Construction Fund**

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

Except as otherwise provided in the Resolution and in the Applicable Series Resolution or Applicable Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance of the Bonds issued in connection with such Series Resolution or Bond Series Certificate and the Costs of the Project in connection with which such Bonds were issued.

Payments for Costs of the Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates 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. Such certificate or certificates shall be substantiated by a certificate filed with the Authority signed by an Authorized Officer of the College, 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 the Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the College with respect to a Project shall be deposited in the appropriate account in the Construction Fund and, if necessary, such fund may be reestablished for such purpose and if not used to repair, restore or replace such Project, transferred to the Debt Service Fund for the redemption of the Bonds in accordance with the Loan Agreement.

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

Upon receipt by the Trustee of the certificate required pursuant to this subdivision, the moneys, if any, then remaining in the Construction Fund, after making provision in accordance with the direction of the Authority for the payment of any Costs of Issuance of the Bonds and Costs of a Project then unpaid, shall be paid by the Trustee as follows and in the following order of priority:

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

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



Third: To the Debt Service Fund for the redemption or purchase of the Bonds in accordance with the Resolution, any balance remaining.

*(Section 5.04)*

**Enforcement of Obligations, Deposit of Revenues and Allocation Thereof**

The Revenues, including all payments received under the Loan Agreement, Mortgage(s), Pledged Revenues or under the Resolution, shall be deposited upon receipt by the Trustee, unless otherwise provided in the Loan Agreement, to the appropriate account of the Debt Service Fund in the amounts, at the times and for the purposes specified in the Applicable Series Resolution or the Loan Agreement. To the extent not required to pay the interest, principal, Sinking Fund Installments, if any, and moneys which are required or have been set aside for the redemption of Bonds, moneys in the Debt Service Fund shall be paid by the Trustee on or before the Business Day preceding each interest payment date as follows and in the following order of priority:

First: To reimburse, pro rata, each Facility Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to such Facility Provider;

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

Third: To the Debt Service Reserve Fund, such amount, if any, necessary to make the amount on deposit in such fund equal to the Debt Service Reserve Fund Requirement, if any; and

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of a Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement or Mortgage(s) 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.

After making the payments required by the first paragraph of this Section, 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 College, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution. The Trustee shall notify the Authority and the College promptly after making the payments required by the first paragraph of this Section, of any balance of Revenues then remaining.

*(Section 5.05)*

**Debt Service Fund**

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

- (i) the interest due on all Outstanding Bonds on such interest payment date;
- (ii) the principal amount due on all Outstanding Bonds on such interest payment date;
- (iii) the Sinking Fund Installments, if any, due on all Outstanding Bonds on such interest payment date; and
- (iv) moneys required for the redemption of Bonds in accordance with the Resolution.

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

In the event that on the fourth Business Day preceding any interest payment date the amount in the Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the

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Outstanding Bonds, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Authority, each Facility Provider, and the College of a withdrawal from the Debt Service Reserve Fund.

Notwithstanding the provisions of the first paragraph of this Section, the Authority may, at any time subsequent to the first principal payment date 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 to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the College and delivered to the Trustee in accordance with the 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 that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable on or prior to the next succeeding principal payment date, the interest on Outstanding Bonds payable on the next succeeding interest payment date, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bond then bears interest, plus one percent (1%) per annum and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee: (i) in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds 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 or (ii) as may otherwise be directed by the Authority for the payment of any fees due under the Resolution or to be held in the Debt Service Fund for application as described in the Resolution. 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 as provided in the Resolution, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate.

*(Section 5.06)*

### **Debt Service Reserve Fund**

The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as shall be prescribed in the Applicable Series Resolution or the Applicable Bond Series Certificate, and any Revenues, moneys, Government Obligations and Exempt Obligations as, by the provisions of the Loan Agreement or Loan Agreement Supplement, are delivered to the Trustee by the College for the purposes of the Debt Service Reserve Fund.

In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Debt Service Reserve Requirement; provided, except as may be otherwise provided or authorized in a Series Resolution or a Bond Series Certificate, (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (A) the claims paying ability of such insurance company or association is rated at least in the second highest rating category accorded by a nationally recognized insurance rating

agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category at the time such surety bond or insurance policy is issued by the Rating Service that then rates such Outstanding Bonds and (ii) that any letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by the Rating Service that then rates such Outstanding Bonds.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of a Debt Service Reserve Fund Requirement unless the Trustee shall have received prior to such deposit (i) an opinion of counsel acceptable to each Facility Provider to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Facility Provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) in the event such Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Authority and (iii) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee substantially to the effect that payments under such letter of credit will not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Authority or the College thereunder or under any applicable provisions of the Debtor and Creditor Law of the State.

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the unsecured or uncollateralized long term debt of the Facility Provider or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of a Facility Provider is reduced below the ratings required by the second preceding paragraph, the Authority shall, either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the second preceding paragraph or (ii) deposit or cause to be deposited in the Debt Service Reserve Fund an amount of moneys, Government Obligations or Exempt Obligations which meet the requirements of the Resolution which is equal to the value of the Reserve Fund Facility of such Facility Provider, such deposits to be, as nearly as practicable, in ten equal semi-annual installments commencing on the earlier of the January 1 or July 1 next succeeding the reduction in said ratings.

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

For the purposes of this Section and certain other provisions of the Resolution, in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation; provided that, if the unsecured or uncollateralized long term debt of such Facility Provider, or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of said Facility Provider has been reduced below the ratings required by the Resolution, said Reserve Fund Facility shall be valued at the lesser of (i) the amount available to be paid thereunder on the date of calculation and (ii) the difference between the amount available to be paid thereunder on the date of issue thereof and an amount equal to a fraction of such available amount the numerator of which is the aggregate number of interest payment dates which have elapsed since the date such ratings were reduced and the denominator of which is ten.

Moneys held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the Resolution; provided that no payment under a Reserve Fund Facility shall be sought

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unless and until moneys are not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund pursuant to this subdivision cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, pro rata, based upon the respective amounts then available to be paid thereunder. The Trustee shall provide notification as set forth in the Resolution of any withdrawal of moneys from the Debt Service Reserve Fund or payment of a Reserve Fund Facility immediately upon such withdrawal or payment.

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

Moneys and investments held for the credit of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement, upon direction of an Authorized Officer of the Authority, shall be withdrawn by the Trustee and (i) deposited in the Arbitrage Rebate Fund, Debt Service Fund or Construction Fund, (ii) paid to the College or (iii) applied by the Authority to pay the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on bonds of the Authority issued in connection with the College pursuant to resolutions other than the Resolution, in accordance with such direction; provided, however, with respect to Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes, that no such amount shall be withdrawn and deposited, paid or applied unless in the opinion of Bond Counsel such deposit, payment or application will not adversely affect the exclusion of interest on any such Bonds from gross income for federal income tax purposes.

Notwithstanding other provisions of the Resolution, if, upon a Bond having been deemed to have been paid in accordance with the Resolution or redeemed prior to maturity from the proceeds of Bonds, bonds, notes or other obligations issued for such purpose, the moneys and investments held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, then the Trustee shall, simultaneously with such redemption or a deposit made in accordance with the Resolution, withdraw all or any portion of such excess from the Debt Service Reserve Fund upon the direction of an Authorized Officer of the Authority and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Authority, (ii) fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provide for payment of such Bond if, in the opinion of Bond Counsel, application of such moneys to the use authorized in this clause (ii) will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, (iii) pay such amount to the Authority for deposit to the Construction Fund if, in the opinion of Bond Counsel, application of such moneys to the payment of Costs of the Project will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, or (vi) apply such amount to such other purpose as may be approved in writing by the Authority if, in the opinion of Bond Counsel, application of such amount to such purpose will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes; provided that after such withdrawal the amount remaining in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Fund Requirement.

If upon a valuation, the moneys, investments and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund are less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Authority and the College of such deficiency and the College shall, as soon as practicable, but in no event later than five (5) Business Days after receipt of such notice, deliver to the Trustee moneys, Government Obligations, Exempt Obligations or Reserve Fund Facilities the value of which is sufficient to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. If the College has not made timely payment, the Trustee shall immediately notify the Authority of such non-payment.

*(Section 5.07)*

**Arbitrage Rebate Fund**

The Trustee shall deposit to the appropriate account in the Arbitrage Rebate Fund any moneys delivered to it by the College for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of the Authority, moneys on deposit in any other funds held by such 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 the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any Fund in accordance with the directions of the Authority.

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

*(Section 5.08)*

**Application of Moneys in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions of the Resolution, if, upon the computation of assets of the Debt Service Fund and the Debt Service Reserve Fund pursuant to the Resolution, the amounts held in the appropriate accounts in the Debt Service Fund and the Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, the Trustee shall so notify the Authority and the College. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds as provided in the Resolution.

*(Section 5.09)*

**Computation of Assets of Certain Funds**

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

*(Section 5.11)*

**Investment of Funds and Accounts**

Moneys 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 or Exempt Obligations; provided, however, that each such

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

In lieu of the investments of moneys in obligations authorized in the first paragraph of this Section, 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 moneys in (i) interest-bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with banks, trust companies, savings banks, savings and loan associations, or securities dealers approved by the Authority the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) Exempt Obligations or (iii) Investment Agreements; provided, however, that (w) each such investment shall permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes of the Resolution, (x) all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value determined by the Trustee or its agent on a daily valuation equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement 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 Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be free and clear of claims of any other person.

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

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, obligations purchased as an investment of moneys therein or held therein shall be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest.

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

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

*(Section 6.02)*

**Creation of Liens**

Except as permitted by the 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 on the proceeds from the sale of the Bonds, the Revenues, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee, or the funds and accounts established by the Resolution or by any Series Resolution which are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

*(Section 7.06)*

**Modification and Amendment Without Consent**

Notwithstanding any other provisions of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolutions or Supplemental Resolutions 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:

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;

To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

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;

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

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

To modify or amend a Project; or

With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

*(Section 9.01)*

**Supplemental Resolutions Effective With Consent of Bondholders**

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the

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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 College upon its becoming effective.

*(Section 9.02)*

### **Powers of Amendment**

Any modification or amendment of the Resolution that modifies or amends the rights and obligations of the Authority and that shall be deemed to affect the Bonds and the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the rights of Holders of Bonds of any particular Series or maturity would be adversely affected or diminished in any material respect 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. 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 College 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 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed or caused to be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or



certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for by the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of the Bonds and will be effective as provided in this Section, shall be given to such Bondholders by the Authority by mailing or causing to be mailed such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of such Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee in the Resolution provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). 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 this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Authority, 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 the Resolution, the purchasers of the Bonds, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, 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 may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

*(Section 10.03)*

## ***Appendix D***

### **Credit Facility Provider Deemed Holder of Bonds**

Unless otherwise provided in an Applicable Series Resolution, for so long as any Bonds are insured by a financial guaranty bond insurance policy insuring the payment of principal of and interest on such Bonds, for purposes of giving consents required under the Resolution or exercising any voting rights given to Holders under the Resolution, so long as no Facility Provider Default has occurred and is continuing, such Credit Facility Provider shall be deemed to be the sole Holder of the Applicable Bonds Outstanding.

*(Section 10.04)*

### **Remarketing Agent Deemed Holder of Bonds**

Unless otherwise provided in an Applicable Series Resolution, for so long as a Series of Bonds are Variable Rate Bonds, for purposes of giving consents required under the Resolution or exercising any voting rights given to Holders under the Resolution, the Remarketing Agent for the Applicable Series of Bonds shall be deemed to be the sole Holder of the Applicable Bonds Outstanding upon tender of such Bonds and prior to remarketing of such Bonds. The exercise of such consents or voting rights by the Remarketing Agent shall be subject to the written consent of the Applicable Facility Providers.

*(Section 10.05)*

### **Consent of Facility Provider**

Whenever by the terms of the Resolution the consent of the Holders of the Bonds 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 Facility Provider has been obtained, so long as no Facility Provider Default by such Facility Provider has occurred and is continuing; provided, however, that the consent of a Facility Provider which has provided a Credit Facility or a Liquidity Facility shall not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility or Liquidity Facility was provided. 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 Facility Provider by mail at the times and in the manner provided in the Resolution with respect to notices thereof required to be given to the Bondholders. 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 10.06)*

### **Events of Default**

An event of default shall exist under the Resolution (in the Resolution called “event of default”) if:

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

With respect to the 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

With respect to the Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Resolution to the effect that the Authority shall comply with the provisions of the Code applicable to such Series of 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 excluded from gross income under Section 103 of the Code; or

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

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 College to comply with the requirements of the Loan Agreement shall have occurred and be continuing and all sums payable by the College under the Loan Agreement shall have been declared to be immediately due and payable which declaration shall not have been annulled and the Authority shall have notified the Trustee of such “event of default”.

*(Section 11.02)*

### **Acceleration of Maturity**

Upon the happening and continuance of any event of default specified in the Section above, other than an event of default specified in the fourth and fifth paragraphs of the Section above, then and in every such case the Trustee may, with the written consent of each Credit Facility Provider, and shall, upon the written request of a Credit Facility Provider, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds to the contrary notwithstanding. At any time after the principal of all the Outstanding 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, upon the written request of a Credit Facility Provider by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution (other than principal amounts payable only because of a declaration and acceleration under this Section) 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 all the Outstanding Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) 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)*

### **Bond Insurance**

If, on the tenth (10th) Business Day next preceding any Interest Payment Date, there are not on deposit in either the Applicable Debt Service Fund or the Applicable Debt Service Reserve Fund sufficient moneys available pursuant to the Resolution to pay all principal of and interest on the Applicable Series of Bonds due on such date, the Trustee shall immediately notify the Applicable Facility Provider and the Applicable Insurance Trustee of the amount of such deficiency.

If, by the fifth (5th) Business Day next preceding said Interest Payment Date, the Trustee has not notified such Facility Provider that the amount of such deficiency has been provided by the Authority, the Trustee shall make available to such Facility Provider and to the Insurance Trustee the registration books of the Authority maintained by the Trustee for the Applicable Series.

## *Appendix D*

The Trustee is irrevocably designated, appointed and authorized to act as attorney-in-fact for owners of the Bonds of an Applicable Series as follows: (i) if and to the extent there is a deficiency in amounts required to pay interest on an Applicable Series of Bonds as described in the preceding paragraph, to execute and deliver an assignment or assignments to the Applicable Facility Provider of the claims for interest to which such deficiency relates and to receive as designee of the respective Bondholders of such Series (and not as Trustee) in accordance with the tenor of the municipal bond insurance policy payment from the Applicable Facility Provider with respect to the claims for interest so assigned and disburse the same to such respective Bondholders; (ii) if and to the extent of a deficiency in amount required to pay principal of the Bonds of any Applicable Series as described in the preceding paragraph, to execute and deliver to such Facility Provider an assignment of so much of the principal amount of such Bonds as has not previously been paid or for which monies are not held by the Paying Agent or Trustee and available for such payment, and to receive as designee of such Bondholders (and not as Paying Agent) in accordance with the tenor of the municipal bond insurance policy payment therefor from such Facility Provider and disburse the same to such Bondholders; and (iii) to receive payment from the Insurance Trustee acting on behalf of the Applicable Facility Provider. Payments with respect to claims for interest and principal disbursed by the Paying Agent from proceeds of the municipal bond insurance policy shall not be considered payment by the Authority, and such Facility Provider shall become the owner of such unpaid Bonds of the Applicable Series and claims for interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise. Irrespective of whether any such assignment is executed and delivered, the Authority, the Trustee and Paying Agent agree for the benefit of the Applicable Facility Provider that, (x) they recognize that to the extent such Facility Provider makes payments, directly or indirectly (as by paying through an Applicable Insurance Trustee and Paying Agent or Trustee), on account of principal of or interest on the Bonds of the Applicable Series to the registered owners of such Bonds the Applicable Facility Provider will be subrogated to the rights of such owners to receive such principal and interest from the Authority and (y) they will accordingly pay to such Facility Provider such principal and interest, but only from the sources and in the manner provided in the Resolution for the payment of principal of and interest on the Bonds of an Applicable Series to Bondholders of the Applicable Series, and will otherwise treat the Applicable Facility Provider as the owner of such rights to principal and interest. To evidence such subrogation, (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Applicable Facility Provider's rights as subrogee on the registration book maintained by the Trustee upon receipt from the Applicable Facility Provider of proof of the payment of interest thereon to the owner of such Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Applicable Facility Provider's rights as subrogee on the registration books maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such Series of Bonds.

In the event that the Trustee has notice that any payment of principal of or interest on a Bond of an Applicable Series has been recovered from any Holder of a Bond of an Applicable Series pursuant to Section 547 or 544(b) of the United States Bankruptcy Code in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall provide notice to the Applicable Facility Provider of such recovery and notify all Bondholders of such Series that in the event that any such Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Applicable Facility Provider to the extent of such recovery; the Trustee shall furnish to such Facility Provider its records evidencing the payments of principal of and interest on the Bonds of the Applicable Series which have been made by the Trustee and subsequently recovered from such Bondholders, and the dates on which such payments were made. Payment under this subparagraph shall be made pursuant to the procedure outlined in the preceding paragraph.

*(Section 11.13)*

### **Defeasance**

If the Authority shall pay or cause to be paid to the Holders of Bonds 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 Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds

shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or Securities held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds 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 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 College. 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.

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 first paragraph of this Section. All Outstanding Bonds of any maturity or a portion of a maturity shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either 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 on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received the written consent of each Facility Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility, Liquidity Facility or Reserve Fund Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which 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 this Section. The Trustee shall select the Bonds and maturity the payment of which shall be made in accordance with this Section in the manner provided in the Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on 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. 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 in the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be

## *Appendix D*

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 College, 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.

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 clause (ii) of the second sentence of the second paragraph of this Section, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of 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 clause (ii) of the second sentence of the second paragraph of this Section, the Trustee shall, if requested by the Authority, pay the amount of such excess to the College free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

Variable Interest Rate Bonds shall be deemed to have been paid in accordance with clause (ii) of the second sentence of the second paragraph of this Section 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 the second paragraph of this Section, the options, if any, originally exercisable by the Holder of a Variable Interest Rate Bond are no longer exercisable, such Bond shall not be considered a Variable Interest Rate Bond for purposes of this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Variable Interest Rate Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess to the College free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

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 which remain unclaimed for one (1) year after the date when all of the Bonds 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 become due and payable, shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the College 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 College.

No principal or Sinking Fund Installment of or installment of interest on a Bond shall be considered to have been paid, and the obligation of the Authority for the payment thereof shall continue, notwithstanding that a Credit Facility Provider pursuant to the Credit Facility issued with respect to such Bond has paid the principal or Sinking Fund Installment thereof or the installment of interest thereon.

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

*(Section 12.01)*

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**FORM OF APPROVING OPINION OF BOND COUNSEL**

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**FORM OF APPROVING OPINION OF BOND COUNSEL**

Squire, Sanders & Dempsey L.L.P.  
350 Park Avenue  
New York, New York 10022

December \_\_, 2007

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 \$15,000,000 aggregate principal amount of Manhattan College Insured Revenue Bonds, Series 2007B (the “Series 2007B 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 2007B Bonds are issued under and pursuant to the Act and the Manhattan College Insured Revenue Bond Resolution, adopted December 6, 2000 and the Series 2007B Resolution Authorizing Manhattan College Insured Revenue Bonds, Series 2007B In An Amount Not Exceeding \$50,000,000, adopted October 25, 2006 (collectively, the “Resolution”). The Series 2007B 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 or the Loan Agreement (as defined herein).

The Series 2007B Bonds are dated their date of delivery and bear interest from such date payable on July 1, 2008 and semi-annually thereafter on January 1 and July 1 in each year until final maturity thereof. The Series 2007B Bonds mature on the date and in the year and amounts and at the interest rates, and are subject to redemption and purchase prior to maturity, as set forth in the Bond Series Certificate executed in connection therewith.

The Authority and Manhattan College (the “Institution”) have entered into a Loan Agreement, dated as of December 6, 2000, as supplemented, including as supplemented by the Loan Agreement Supplement No. 3, which supplement is dated as of October 25, 2006 (collectively, the “Loan

## *Appendix E*

Agreement”), providing, among other things, for a loan to the Institution 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 price of, and interest on the Series 2007B Bonds, which payments have been pledged by the Authority to the Trustee for the benefit of the Holders of the Series 2007B 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 2007B 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 2007B 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 2007B 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 2007B Bonds is excluded from gross income for federal income tax purposes. The interest on the Series 2007B 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 2007B Bonds earned by certain corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted current earnings.

Initial purchasers of the Series 2007B Bonds maturing on July 1, 2013 and July 1 2017, whose initial adjusted basis in such Bonds exceeds the respective principal amount of such Bonds (the “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 2007B 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 2007B 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 2007B Bonds to be included in gross income retroactively to the date of issue of the Series 2007B 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 2007B 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 opinions of Liddy Sullivan Galway & Vaccaro, P.C., General Counsel to the Institution and Certilman Balin Adler & Hyman, LLP, Special 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 2007B Bonds being included in gross income for federal income tax purposes, possibly retroactively from the original delivery of the Series 2007B Bonds.

We have examined an executed Series 2007B 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 2007B Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2007B Bonds, or the interest thereon, if any action is taken with respect to the Series 2007B 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 2007B 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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**SPECIMEN FINANCIAL GUARANTY  
INSURANCE POLICY**

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## FINANCIAL GUARANTY INSURANCE POLICY

**Obligor:**

**Bonds:**

**Bond Trustee:**

**Insurance Trustee:**

**Policy Number:**

**Premium:**

**Radian Asset Assurance Inc.** ("Insurer"), a corporation organized under the laws of the State of New York, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably guarantees the payment of the Obligation (hereinafter defined) to the Insurance Trustee for the benefit of the Holders (hereinafter defined) from time to time of the Bonds. This Policy does not insure against any risk other than nonpayment of the Obligation by or on behalf of the Obligor or any other obligor to the Bond Trustee. Nonpayment includes recovery from a Holder of Bonds or the Bond Trustee of any portion of the Obligation pursuant to a final judgment by any court of competent jurisdiction holding that such payment constituted a voidable preference within the meaning of any applicable bankruptcy law.

Upon receipt by the Insurer of telephonic or telegraphic notice, such notice subsequently confirmed to the Insurer in writing by registered or certified mail, from the Insurance Trustee that the Obligor (or other obligor responsible for payment of the Obligation) has failed to provide the Bond Trustee with sufficient funds for payment of the Obligation on the Due Date (hereinafter defined), the Insurer shall, not later than such Due Date or the first business day after receipt of such notice, whichever is later, pay to the Insurance Trustee for the benefit of the Holders of the Bonds an amount which shall be sufficient to pay the Obligation, but only upon receipt by the Insurer, in a form reasonably satisfactory to it, of (a) evidence of the Holder's right to receive such payment and (b) evidence, including any appropriate instruments of assignment, that all the Holder's rights with respect to such payment shall thereupon vest in the Insurer. "Due Date" means, when referring to the principal of the Obligation, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund prepayment and does not refer to any earlier date on which payment is due by reason of any other call for redemption, acceleration or other advancement of maturity unless the Insurer shall elect, in its sole discretion, to pay such principal due upon such redemption, acceleration or other advancement of maturity together with any accrued interest to the date of redemption, acceleration or other advancement of maturity. Tendering of payment, to the Bond Trustee, of such principal due upon such redemption, acceleration or other advancement of maturity, together with any accrued interest to the date of such redemption, acceleration or other advancement of maturity, shall satisfy the Insurer's obligations under this Policy, in full. When referring to interest on the Obligation, "Due Date" means the stated date for payment of interest.

The Insurer shall, to the extent of any payment made by it pursuant to this Policy, be deemed to have acquired and become the Holder of the Bonds or portions thereof or interest thereon paid from such payment and shall be fully subrogated to all rights to payment thereof.

As used herein, the term "Holder" or "Holders" means the registered owners of the Bonds as indicated in the registration books maintained by the Bond Trustee for such purpose at the time of nonpayment of the Obligation. The terms "Holder" or "Holders" shall not include the Obligor or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligation. As used herein, the term "Bond Trustee" means the Bond Trustee above named and any successor trustee duly appointed. As used herein, the term "Insurance Trustee" means the Insurance Trustee above named and any successor insurance trustee duly appointed. As used herein, the term "Obligation" means the payment of principal and interest regularly scheduled to be paid on the Bonds, which shall have become due for payment but shall be unpaid on the Due Date, but does not include any premium payable with respect to the Bonds, nor any redemption (except mandatory sinking fund redemption), acceleration or other advancement of maturity.

This Policy is non-cancelable for any reason. Premiums paid on this Policy are not refundable for any reason including without limitation the payment prior to maturity of the Bonds.

IN WITNESS WHEREOF, the Insurer has caused this Policy to be issued pursuant to the Insurance Law of the State of New York to the Insurance Trustee for the benefit of the Holders of the Bonds and to be executed and delivered in New York, New York by its duly authorized officer to become effective and binding upon the Insurer by virtue of the execution and delivery thereof on this [DATE]

RADIAN ASSET ASSURANCE INC.

By: \_\_\_\_\_  
 Name:  
 Title:

<b>INSURANCE GUARANTY FUND NOTICES</b>	
Connecticut	In the event the Company becomes insolvent, any claims arising under this Policy are excluded from coverage by the Connecticut Insurance Guaranty Association.
Florida	The insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created under part II of chapter 631 of the Florida Insurance Code.
New York	This Policy is not covered by the Property/Casualty Insurance Security Fund established by Article 76 of the New York Insurance Law.
Texas	In the event the insurer is unable to fulfill its contractual obligation under this Policy, the policyholder is not protected by the Texas Property and Casualty Insurance Guaranty Act.

**SPECIMEN  
SURETY BOND**

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**DEBT SERVICE RESERVE SURETY BOND**

**Bonds:**

**Obligor:**

**Document:**

**Paying Agent:**

**Insurance Trustee:**

**Surety Bond No.:**

**Surety Bond Limit:**

**DSRF Financial Guaranty Agreement:**

**Premium:**

Radian Asset Assurance Inc. (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the above-referenced Bonds and that are required to be made by or on behalf of the above-referenced Obligor under the above-referenced Document, as such payments are due but shall not be so paid, in connection with the issuance by the Obligor of the Bonds, provided, that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed the above-referenced Surety Bond Limit; provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Holder" or "Holders" shall mean the registered Holder of any Bond as indicated in the books maintained by the applicable registrar or paying agent, the Obligor or any designee of the Obligor for such purpose. The term "Holder" shall not include the Obligor or any person or entity whose direct or indirect obligation or obligations constitutes the underlying security or source of payment for the Bonds.

2. Upon the later of: (i) [3] days after receipt by the Insurer of a demand for payment in the form attached hereto as Exhibit I (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with the Insurance Trustee, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts that are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Paying Agent, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of the DSRF Financial Guaranty Agreement; provided, that no premium is due and unpaid on this Surety Bond and that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Paying Agent, in writing within [5] days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the DSRF Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Exhibit II.

5. Any service of process on the Insurer or notice to the Insurer may be made to the Insurer at the address captioned above and such service of process shall be valid and binding.

6. The term of this Surety Bond shall expire on the earlier of (i) \_\_\_\_\_, or (ii) the date on which the Obligor has made all payments required to be made on the Bonds pursuant to the Document

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Bonds.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of New York. Any suit hereunder in connection with any payment may be brought only by the

Paying Agent within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

9. There shall be no acceleration payment due under this Surety Bond unless such acceleration is at the sole option of the Insurer.

IN WITNESS WHEREOF, the Insurer has caused this Surety Bond to be issued pursuant to the Insurance Law of the State of New York to the Insurance Trustee for the benefit of the Holders from time to time of the Bonds and to be executed and delivered in New York, New York by its duly authorized officer to become effective and binding upon the Insurer by virtue of the execution and delivery thereof on this [DATE].

**RADIAN ASSET ASSURANCE INC.**

By: \_\_\_\_\_  
 Name:  
 Title:

<b>INSURANCE GUARANTY FUND NOTICES</b>	
Connecticut	In the event the Company becomes insolvent, any claims arising under this Policy are excluded from coverage by the Connecticut Insurance Guaranty Association.
Florida	The insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created under part II of chapter 631 of the Florida Insurance Code.
New York	This Policy is not covered by the Property/Casualty Insurance Security Fund established by Article 76 of the New York Insurance Law.
Texas	In the event the insurer is unable to fulfill its contractual obligation under this Policy, the policyholder is not protected by the Texas Property and Casualty Insurance Guaranty Act.

DEMAND FOR PAYMENT

\_\_\_\_\_, 20\_\_\_\_

Radian Asset Assurance Inc.  
335 Madison Avenue  
New York, New York 10017

Attention: Chief Risk Officer

Reference is made to the Surety Bond No. \_\_\_\_\_ (the "Surety Bond") issued by Radian Asset Assurance Inc. (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit), payment is due to the Owners of the Bonds on (the "Due Date") in an amount equal to \$ \_\_\_\_\_ (the "Amount Due").

(b) The amounts legally available to the Paying Agent on the Due Date will be \$ \_\_\_\_\_ less than the Amount Due (the "Deficiency").

(c) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond:

[NAME OF BANK]

[Paying Agent's Account No.]



ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON, FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

[PAYING AGENT]

By: \_\_\_\_\_

Title: \_\_\_\_\_

NOTICE OF REINSTATEMENT

\_\_\_\_\_, 20\_\_

[Paying Agent]  
[Address]

Reference is made to the Surety Bond No. \_\_\_\_\_ (the "Surety Bond") issued by the Radian Asset Assurance Inc. (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Insurer hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the DSRF Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is .

RADIAN ASSET ASSURANCE INC.

By: \_\_\_\_\_  
Vice President





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